

## EIGHTY-FIFTH DAY

St. Paul, Minnesota, Thursday, April 5, 1990

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

### CALL OF THE SENATE

Mr. Peterson, R.W. 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. Kathleen Gatson.

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

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

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 3, 1990

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. 1692, 1968, 2039, 2048, 2159, 2381 and 2383.

Sincerely,  
Rudy Perpich, Governor

April 4, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
	2650	380	2031 hours April 3	April 3
	2407	381	2032 hours April 3	April 3
2048		382	2033 hours April 3	April 3
2159		383	2034 hours April 3	April 3
2381		384	2035 hours April 3	April 3
2039		385	2036 hours April 3	April 3
2383		386	2037 hours April 3	April 3
1968		387	2038 hours April 3	April 3
1692		388	2039 hours April 3	April 3
	2156	389	2040 hours April 3	April 3
	2386	400	2042 hours April 3	April 3

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. 1726, 1927, 1980, 2119, 2046, 2079, 2136, 2172, 2134, 2373 and 2433.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 4, 1990

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. 1897: A bill for an act relating to taxation; property; clarifying employment terms of city and town assessors; amending Minnesota Statutes 1988, section 273.05, subdivision 1.

Senate File No. 1897 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 4, 1990

### CONCURRENCE AND REPASSAGE

Mrs. Adkins moved that the Senate concur in the amendments by the House to S.F. No. 1897 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1897 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	Hughes	Mehrkens	Purfeerst
Anderson	Davis	Johnson, D.E.	Merriam	Ramstad
Beckman	Decker	Knaak	Metzen	Schmitz
Benson	DeCramer	Kroening	Moe, R.D.	Spear
Berg	Flynn	Laidig	Morse	Storm
Berglin	Frank	Langseth	Olson	Stumpf
Bertram	Frederick	Lantry	Pariseau	Vickerman
Brandl	Frederickson, D.R.	Larson	Pehler	Waldorf
Brataas	Freeman	Luther	Piper	
Cohen	Gustafson	McQuaid	Pogemiller	

So the bill, as amended, 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. 2478 at 1:30 p.m.:

Messrs. Pogemiller, Novak, Stumpf, Belanger and Johnson, D.J. 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. 1752: A bill for an act relating to railroads; establishing standard for abandonment of tracks; clarifying standard for abandonment of shops, terminals, and stations; amending Minnesota Statutes 1988, sections 219.681; 219.71; and 219.85.

Senate File No. 1752 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 4, 1990

### CONCURRENCE AND REPASSAGE

Mr. Pehler moved that the Senate concur in the amendments by the House to S.F. No. 1752 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1752 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	Decker	Knaak	Moe, D.M.	Reichgott
Anderson	DeCramer	Kroening	Moe, R.D.	Samuelson
Beckman	Diessner	Laidig	Morse	Schmitz
Benson	Flynn	Langseth	Olson	Spear
Berg	Frank	Lantry	Pariseau	Storm
Berglin	Frederick	Larson	Pehler	Stumpf
Bertram	Frederickson, D.J.	Lessard	Peterson, R.W.	Vickerman
Brandl	Frederickson, D.R.	Luther	Piepho	Waldorf
Brataas	Freeman	McQuaid	Piper	
Cohen	Gustafson	Mehrkens	Pogemiller	
Dahl	Hughes	Merriam	Purfeerst	
Davis	Johnson, D.E.	Metzen	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. 1879: A bill for an act relating to natural resources; amending a certain requirement relating to the sale of state timber; amending Minnesota Statutes 1988, section 90.101, subdivision 1.

Senate File No. 1879 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 4, 1990

### CONCURRENCE AND REPASSAGE

Mr. Bertram moved that the Senate concur in the amendments by the House to S.F. No. 1879 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1879 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knaak	Metzen	Reichgott
Anderson	DeCramer	Knutson	Moe, D.M.	Renneke
Beckman	Dicklich	Kroening	Moe, R.D.	Samuelson
Benson	Diessner	Laidig	Morse	Schmitz
Berg	Flynn	Langseth	Olson	Spear
Berglin	Frank	Lantry	Pariseau	Storm
Bernhagen	Frederick	Larson	Pehler	Stumpf
Bertram	Frederickson, D.J.	Lessard	Peterson, R.W.	Vickerman
Brandl	Frederickson, D.R.	Luther	Piepho	Waldorf
Brataas	Freeman	Marty	Piper	
Cohen	Gustafson	McQuaid	Pogemiller	
Dahl	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. 1873: A bill for an act relating to crime victims; providing victims of delinquent acts the right to request notice of release of juvenile offenders from juvenile correctional facilities; providing notice to sexual assault victims when a juvenile offender is released from pretrial detention; requiring that victims be informed of their right to request the withholding of public law enforcement data that identifies them; clarifying the duty of court administrators to disburse restitution payments; making certain changes to the crime victims reparations act; amending Minnesota Statutes 1988, sections 611A.53, subdivision 2; and 611A.57, subdivision 6; Minnesota Statutes 1989 Supplement, sections 13.84, subdivision 5a; 260.161, subdivision 2; 611A.04, subdivision 2; 611A.06; 611A.52, subdivision 8; and 629.73; proposing coding for new law in Minnesota Statutes, chapter 611A.

Senate File No. 1873 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 4, 1990

### CONCURRENCE AND REPASSAGE

Mr. Cohen moved that the Senate concur in the amendments by the House to S.F. No. 1873 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1873: A bill for an act relating to crime victims; providing victims of delinquent acts the right to request notice of release of juvenile offenders from juvenile correctional facilities; providing notice to sexual assault victims when a juvenile offender is released from pretrial detention; clarifying the duty of court administrators to disburse restitution payments; making certain changes to the crime victims reparations act; amending Minnesota Statutes 1988, sections 611A.53, subdivision 2; 611A.57, subdivision 6; Minnesota Statutes 1989 Supplement, sections 13.84, subdivision 5a; 260.161, subdivision 2; 611A.04, subdivision 2; 611A.06; 611A.52, subdivision 8; and 629.73; proposing coding for new law in Minnesota Statutes, chapter 611A.

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	Davis	Hughes	Mehrkens	Purfeerst
Anderson	Decker	Johnson, D.E.	Merriam	Ramstad
Beckman	DeCramer	Knaak	Metzen	Reichgott
Benson	Dicklich	Knutson	Moe, D.M.	Renneke
Berg	Diessner	Langseth	Moe, R.D.	Samuelson
Berglin	Flynn	Lantry	Morse	Schmitz
Bernhagen	Frank	Larson	Olson	Spear
Bertram	Frederick	Lessard	Pariseau	Storm
Brandl	Frederickson, D.J.	Luther	Pehler	Vickerman
Brataas	Frederickson, D.R.	Marty	Peterson, R.W.	
Cohen	Freeman	McGowan	Piepho	
Dahl	Gustafson	McQuaid	Piper	

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. 2089: A bill for an act relating to crime; clarifying that terroristic threats include those made indirectly; amending Minnesota Statutes 1988, section 609.713, subdivision 1.

Senate File No. 2089 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 4, 1990

Mr. Moe, R.D. moved that S.F. No. 2089 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. 1794: A bill for an act relating to veterans; redefining the term "veteran"; amending Minnesota Statutes 1988, section 197.447.

Senate File No. 1794 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 4, 1990

**CONCURRENCE AND REPASSAGE**

Mr. Metzen moved that the Senate concur in the amendments by the House to S.F. No. 1794 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1794: A bill for an act relating to veterans; redefining the term "veteran" setting criteria for educational assistance; amending Minnesota Statutes 1988, sections 197.447; and 197.75, 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 55 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Hughes	McGowan	Piepho
Anderson	DeCramer	Johnson, D.E.	McQuaid	Piper
Beckman	Dicklich	Knaak	Mehrkens	Purfeerst
Benson	Diessner	Knutson	Metzen	Ramstad
Berg	Flynn	Kroening	Moe, D.M.	Reichgott
Berglin	Frank	Langseth	Moe, R.D.	Samuelson
Bertram	Frederick	Lantry	Morse	Schmitz
Brandl	Frederickson, D.J.	Larson	Olson	Spear
Cohen	Frederickson, D.R.	Lessard	Pariseau	Storm
Dahl	Freeman	Luther	Pehler	Vickerman
Davis	Gustafson	Marty	Peterson, R.W.	Waldorf

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

**MESSAGES FROM THE HOUSE - CONTINUED**

Mr. President:

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

S.F. No. 2421: A bill for an act relating to elections; presidential primary; changing the primary date; providing procedures for conducting the primary; changing the requirements for being a candidate at the primary; allowing voters to prefer uncommitted delegates; allowing write-in votes; providing for voter receipt of ballots; eliminating the provision that the primary winner is the party's endorsed candidate; changing the apportionment of party delegates; requiring provision of certain information to interested persons; amending Minnesota Statutes 1988, sections 204B.06, by adding a subdivision; 204B.11, subdivision 2; Minnesota Statutes 1989 Supplement, sections 207A.01; 207A.02; 207A.03; 207A.04; and 207A.06, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 207A; repealing Minnesota Statutes 1989 Supplement, section 207A.05.

There has been appointed as such committee on the part of the House: Scheid, Otis and Abrams.

Senate File No. 2421 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 4, 1990

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. 2127: A bill for an act relating to forestry; implementing a statewide program to encourage maintenance and expansion of community and urban forests; assigning responsibilities to various state agencies and municipalities; proposing coding for new law in Minnesota Statutes, chapter 17.

Senate File No. 2127 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 4, 1990

### CONCURRENCE AND REPASSAGE

Mr. Bernhagen moved that the Senate concur in the amendments by the House to S.F. No. 2127 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2127 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	Davis	Hughes	McQuaid	Purfeerst
Anderson	Decker	Johnson, D.E.	Mehrkens	Ramstad
Beckman	DeCramer	Knaak	Merriam	Reichgott
Benson	Dicklich	Knutson	Metzen	Renneke
Berg	Diessner	Kroening	Moe, D.M.	Samuelson
Berglin	Flynn	Langseth	Moe, R.D.	Schmitz
Bernhagen	Frank	Lantry	Morse	Solon
Bertram	Frederick	Larson	Olson	Spear
Brandl	Frederickson, D.J.	Lessard	Pariseau	Storm
Brataas	Frederickson, D.R.	Luther	Pehler	Vickerman
Cohen	Freeman	Marty	Piepho	Waldorf
Dahl	Gustafson	McGowan	Piper	

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

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 1996. The motion prevailed.

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

S.F. No. 2375: A bill for an act relating to workers' compensation; providing for loggers; requiring the commissioner of labor and industry to study issues concerning loggers; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 176.

Reports the same back with the recommendation that the bill be amended



as follows:

Page 3, line 1, delete "40" and insert "30"

Page 4, line 19, after "*fund*" insert "*, in addition to the assessment,*"

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. 2060: A bill for an act relating to drivers' licenses; defining gross vehicle weight and commercial motor vehicle; allowing holder of class CC driver's license with school bus endorsement to operate a small school bus; changing effective dates of requirements for commercial driver's license; setting fees; appropriating money; amending Minnesota Statutes 1988, sections 169.01, subdivision 46; 171.01, subdivision 16; and 171.321, subdivision 1; Minnesota Statutes 1989 Supplement, sections 169.01, subdivision 75; 171.01, subdivision 22; 171.02, subdivision 2; and 171.06, subdivision 2; Laws 1989, chapter 307, sections 43 and 44.

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. 1787: A bill for an act relating to education; modifying the maximum effort education facility aid law capital loan program and review and comment procedures for certain construction; authorizing the issuance of state bonds; appropriating money; amending Minnesota Statutes 1988, sections 121.148, subdivision 2; 121.15, subdivisions 1, 7, and 8; Minnesota Statutes 1989 Supplement, sections 121.15, subdivision 2; 124.38, subdivision 7; Minnesota Statutes Second 1989 Supplement, section 124.2442, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 124; repealing Minnesota Statutes 1988, section 124.43, subdivisions 2, 3, 3a, 3b, 4, 5, and 6; and Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1.

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

Page 4, line 27, delete "*which*" and insert "*that*" and after "*approved*" insert "*by the voters in the district and recommended by the state board of education for approval by the legislature*" and delete "*June 30, 1989*" and insert "*February 15, 1990*"

Page 10, line 9, after "*exceeding*" insert "*the lesser of \$8,000,000 or*"

Page 10, line 29, before the period, insert "*, but not more than \$8,000,000*"

Page 14, delete section 10

Page 15, after line 17, insert:

"Sec. 12. [LIMITATION ON LOAN AMOUNT.]

*A capital loan approved by the legislature after February 15, 1990, may not exceed \$8,000,000.*"

Page 15, line 31, delete "*11*" and insert "*10*"

Page 15, line 35, after the period, insert "*However, districts in which*

*voters authorized borrowing money for a facility financed by a capital loan and that were recommended before February 15, 1990, by the state board of education for approval for a capital loan by the legislature are governed by Minnesota Statutes 1988, section 124.43, subdivisions 2, 3, 3a, 3b, 4, 5, and 6, and Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1."*

Page 16, delete section 16 and insert:

"Sec. 16. [APPLICABILITY.]

*Sections 8 and 9 apply to a district in which voters authorize issuance of bonds and that is approved by the state board of education and recommended for a capital loan to the legislature after February 15, 1990.*

Sec. 17. [EFFECTIVE DATE.]

*Sections 1, 6, 8, 9, 11, 13, and 15 are effective the day following final enactment."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete everything after the semicolon

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. 1473: A bill for an act relating to the environment; requiring a report to the legislature on carbon dioxide emissions; appropriating money.

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

Page 2, line 12, delete "*Money*" and insert "*Donations*"

Page 2, line 13, delete "*general fund*" and insert "*state treasury*"

Page 2, line 16, delete "*are*" and insert "*is*"

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. 1944: A bill for an act relating to elections; requiring the designation of a local government election for election of county, municipal, and school district officers, and officers of all other political subdivisions except towns; requiring that certain questions be voted on only at the local government election for the political subdivision; requiring uniform and coordinated election precincts and polling places for municipalities and school districts; superseding certain inconsistent general and special laws and home rule charter provisions; appropriating money; amending Minnesota Statutes 1988, sections 40.05, subdivisions 1, 3, and 4; 40.06, subdivision 1; 122.23, subdivisions 12 and 17; 122.25, subdivision 2; 123.12, subdivision 1; 123.33, subdivision 1; 123.34, subdivision 1; 123.351, subdivisions 1 and 3; 123.51; 200.02, by adding a subdivision; 201.071, subdivisions 1, 3, and 8; 203B.06, subdivision 3; 204B.14, by adding a subdivision; 204B.16, subdivision 1; 204B.18, subdivision 2, and by adding

a subdivision; 204C.10, subdivision 1; 204D.02, subdivisions 1 and 2; 204D.11, subdivision 5; 204D.16; 205.02, subdivision 2; 205.13, subdivisions 1 and 6; 205.185, subdivisions 2, 3, and by adding a subdivision; 205A.02; 205A.06, subdivision 5; 375.03; 375.101, by adding a subdivision; 382.01; 397.06; 397.07; 398.04; 410.21; 412.02, subdivision 2; 412.571, subdivision 5; 447.32, subdivisions 1 and 2; Minnesota Statutes 1989 Supplement, sections 122.23, subdivision 18; 128.01, subdivision 3; 412.021, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 205; repealing Minnesota Statutes 1988, sections 123.11, subdivisions 2, 3, 4, 5, and 6; 200.015; 204D.28, subdivision 5; 205.02; 205.065, subdivisions 2, 3, 4, 5, 6, and 7; 205.07; 205.10; 205.121; 205.175; 205.18, subdivision 1; 205.20; 206.76; 375.101, subdivisions 1 and 2; and 447.32, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 205.065, subdivision 1; and 205.18, subdivision 2.

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

Pages 39 and 40, delete section 3

Renumber the sections of article 5 in sequence

Amend the title as follows:

Page 1, line 12, delete "appropriating money;"

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

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

S.F. No. 2188: A bill for an act relating to children; creating a legislative commission on children; providing improved procedures to protect the safety and welfare of abused and neglected children; improving data practices; including mental injuries and threatened injuries as abuse to be reported as maltreatment of minors; increasing penalties for assault against a child when there is a past pattern of child abuse; increasing the penalty for malicious child punishment resulting in great bodily harm; excluding persons convicted of child abuse or criminal sexual conduct seeking employment in juvenile corrections from certain protections for criminal offenders; appropriating money; amending Minnesota Statutes 1988, sections 147.09; 260.011, subdivision 2; 260.155, subdivision 1; 609.379, subdivision 2; 626.556, subdivisions 1, 3, and by adding a subdivision; 626.559, subdivision 2; Minnesota Statutes 1989 Supplement, sections 245A.04, subdivision 3; 260.161, subdivision 2; 260.171, subdivision 4; 260.221, subdivision 1; 364.09; 609.223; 609.377; 626.556, subdivisions 2, 10e, and 11; and 626.558, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3; 144; 245; and 626.

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

Page 4, line 24, delete everything after the paragraph coding and insert "*When amending rules governing*"

Page 4, delete line 25

Page 4, line 28, before the period, insert "*, the commissioner of human services shall include provisions governing the use of restrictive techniques and procedures*"

Page 7, line 36, before the period, insert "*and the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923*"

Page 15, line 22, before "*control*" insert "*and the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923,*"

Pages 25 and 26, delete section 23

Page 26, line 29, delete everything after "*general*"

Page 26, delete lines 30 to 36

Page 27, line 1, delete everything before "*shall*" and insert "*and the department of human services, in consultation with the multi-disciplinary task force established under section 26,*"

Page 27, line 16, after "*general*" insert "*and the department of human services*"

Page 29, delete section 27

Page 29, delete lines 35 and 36

Page 30, delete lines 1 to 23 and insert:

*"Notwithstanding Minnesota Statutes, sections 299A.22 to 299A.25, or any other law to the contrary, up to \$45,000 of the money appropriated by Minnesota Statutes, section 299A.27, from the children's trust fund established under section 299A.22, to be administered by the children's trust fund for the fiscal year ending June 30, 1991, for grants must be used to provide a grant for administration of the professional consultation telephone line and service authorized by Minnesota Statutes, section 626.562. Notwithstanding section 626.562, subdivision 2, the commissioner of public safety shall provide a grant only to agencies that agree to match 50 percent of the grant amount through cash or in-kind donations."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 24, delete "245;" and insert "and 245."

Page 1, delete line 25

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. 851: A bill for an act relating to courts; increasing certain fees collected by the court administrator; amending Minnesota Statutes 1988, sections 171.06, subdivisions 2 and 4; 357.021, subdivision 2; and 525.22.

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

Pages 1 and 2, delete sections 1 and 2

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete "171.06, subdivisions 2 and 4;"

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. 2194: A bill for an act relating to hazardous materials; directing the commissioner of public safety to plan a system for a regional hazardous materials incident response program; establishing an advisory council; appropriating money.

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

Page 3, delete sections 3 and 4

Page 3, line 15, delete "to 4" and insert "and 2"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete the second semicolon and insert a period

Page 1, delete line 6

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. 1950: A bill for an act relating to housing; establishing a local government housing account that may be used for transitional housing, public housing modernization and rehabilitation, and subsidized rental housing preservation; requiring state interagency coordination on homelessness; providing for treatment of certain obligations upon foreclosure of certain mortgages; appropriating nonrefundable bond allocation deposits to the housing trust fund account; appropriating money; amending Minnesota Statutes 1988, sections 462A.201, subdivision 2; 462C.07, by adding a subdivision; 469.155, by adding a subdivision; and 474A.21; proposing coding for new law in Minnesota Statutes, chapter 462A.

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

Pages 2 and 3, delete section 2

Page 5, delete section 7

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete lines 3 to 5

Page 1, line 6, delete "preservation;"

Page 1, lines 10 and 11, delete "appropriating money;"

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

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

H.F. No. 2230 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2230	2075				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2230 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2230 and insert the language after the enacting clause of S.F. No. 2075, the first engrossment; further, delete the title of H.F. No. 2230 and insert the title of S.F. No. 2075, the first engrossment.

And when so amended H.F. No. 2230 will be identical to S.F. No. 2075, and further recommends that H.F. No. 2230 be given its second reading and substituted for S.F. No. 2075, and that the Senate File be indefinitely postponed.

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

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

S.F. No. 1996: A bill for an act relating to waste management; making several technical changes to the waste management act; establishing a time period for local decision-making on siting of solid waste facilities; establishing time periods for state and metropolitan council approval of county solid waste management plans; clarifying jurisdiction of county plans; clarifying order of funding priority for grants for solid waste management projects; adjusting procedures for the creation of solid waste management districts; increasing the authority of the districts; authorizing counties to set civil penalties by ordinance for violation of designation ordinances; authorizing additional county fees on in-county disposal of out-of-county solid waste; adding procedures and requirements for cities to meet when they organize solid waste collection; requiring a supplementary incinerator ash report; delaying the date for incinerator ash to be considered special waste; establishing a fee on certain paper stock in newspapers; providing waste management training and certification programs; authorizing counties to charge property owners, lessees, and occupants for solid waste management services; authorizing metropolitan counties to charge reasonable rates for solid waste facilities; restricting the authority of certain local governments to prevent establishment, operation, or expansion of solid waste disposal facilities; providing buffer areas around landfill operations; extending the solid waste ash project report; authorizing sanitary districts to use the greater Minnesota landfill cleanup fee; specifying use of the greater Minnesota landfill fee; providing a landfill compliance and financial assurance study; authorizing Winona county to give political subdivisions the authority to accept responsibility for managing their solid waste; amending provisions for forgiving a grant to Winona county; directing a resource recovery facility study to be conducted; reducing time for metropolitan review of local government solid waste facility siting decisions; repealing

the requirement that government agencies use degradable polyethylene bags; changing references; amending Minnesota Statutes 1988, sections 16B.61, subdivision 3a; 115A.03, subdivision 23; 115A.06, subdivisions 2, 5, 5a, 6, 8, 10, 11, 12, and 13; 115A.07, subdivisions 1 and 2; 115A.075; 115A.10; 115A.11, subdivision 1a; 115A.158, subdivision 2; 115A.191, subdivisions 1 and 2; 115A.192, subdivisions 1 and 2; 115A.193; 115A.194, subdivision 2; 115A.411, subdivision 1; 115A.46, subdivision 1, and by adding a subdivision; 115A.49; 115A.53; 115A.54, subdivision 3; 115A.64, subdivisions 2, 4, and 6; 115A.66, subdivision 3; 115A.67; 115A.86, by adding a subdivision; 115A.914; 115A.94, subdivisions 3 and 4; 115A.97, subdivisions 4 and 5; 325E.045, subdivision 1; 400.08, subdivisions 1 and 3; 473.811, subdivision 3, and by adding a subdivision; 473.823, subdivision 5, and by adding a subdivision; 473.833, by adding a subdivision; 473.845, subdivision 4; 473.846; Minnesota Statutes 1989 Supplement, sections 115A.14, subdivision 4; 115A.195; 115A.54, subdivision 2a; 115A.84, subdivision 2; 115A.86, subdivision 5; 115A.919; 115B.04, subdivision 4; 116.41, subdivision 2; 116C.69, subdivision 3; Minnesota Statutes Second 1989 Supplement, sections 115A.072, subdivisions 1 and 4; 115A.55, subdivision 3; 115A.551, subdivisions 4 and 7; 115A.558; 115A.961, subdivisions 2 and 4; Laws 1987, First Special Session chapter 5, section 1; Laws 1988, chapter 685, section 42; Laws 1989, chapter 325, sections 72, subdivision 2; and 79; and chapter 335, article 1, sections 23, subdivision 4, and 269; proposing coding for new law in Minnesota Statutes, chapter 115A; repealing Minnesota Statutes 1988, sections 115A.09, subdivision 5; 115A.90, subdivision 2; 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 115A.922; 115A.923, subdivisions 2 to 5; 115A.924; 115A.925; 115A.927; 115A.928; and Laws 1987, chapter 348, section 51, subdivision 5.

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

Page 2, line 42, strike "less" and insert "fewer"

Page 2, line 47, strike "15" and insert "14"

Page 2, line 50, delete "TIMELINES" and insert "DEADLINES"

Page 2, line 51, delete "(a)" and insert "*Subdivision 1.* [WITHOUT EIS.]"

Page 3, lines 2 and 9, delete "by" and insert "within"

Page 3, line 6, delete "(b)" and insert "*Subd. 2.* [WITH EIS OR EAW.]"

Page 4, line 19, delete "as submitted" and delete "By" and insert "Within"

Page 4, line 25, delete "shall" and insert "must"

Page 4, line 31, delete "another" and insert "a"

Page 5, line 2, delete "another" and insert "a"

Page 12, line 16, delete "shall" and insert "must"

Page 12, line 17, delete "shall" and insert "may"

Page 14, line 15, after "days" insert a comma

Page 16, delete section 21

Page 20, line 13, after the stricken "to" insert "*for the benefit of*" and reinstate the stricken "their properties"

Page 21, line 9, delete “No” and insert “A” and delete “shall” and insert “may not”

Page 21, line 11, delete “has” and insert “had”

Page 21, line 33, delete “period”

Page 24, line 9, delete “but are not limited to”

Page 24, line 17, delete “prior to” and insert “before”

Page 25, line 9, after “abandoned” insert a comma

Page 25, line 12, delete everything before “by” and insert “section 35”

Page 25, after line 16, insert:

“Sec. 35. [POLITICAL SUBDIVISION DISPOSAL MANAGEMENT OPTION IN WINONA COUNTY.]

*Subdivision 1. [OPTION FOR POLITICAL SUBDIVISION JURISDICTION.] (a) After Winona county has adopted a solid waste management plan that has been signed as approved by the director of the office of waste management, the county may allow a political subdivision to elect to assume authority and responsibility for processing and disposal of the mixed municipal solid waste generated within the political subdivision. To provide the option for a political subdivision the county board must adopt a resolution:*

*(1) giving the political subdivision the option of assuming authority and responsibility for processing and disposal of the mixed municipal solid waste generated there; and*

*(2) recognizing that if the political subdivision chooses to assume authority and responsibility for mixed municipal solid waste disposal, the county will amend its plan to reflect the transfer of the authority and responsibility to the political subdivision.*

*(b) The county must file the resolution with the governing body of the political subdivision. Within 60 days after receiving the county resolution the political subdivision may adopt a resolution assuming the authority and responsibility. The assumption is effective 60 days after the resolution is filed with the county board.*

*Subd. 2. [ASSUMPTION OF SOLID WASTE DISPOSAL AUTHORITY.] (a) A political subdivision that assumes authority and responsibility under subdivision 1 must submit a plan to the director of the office of waste management covering the duties required of counties for mixed municipal solid waste under Minnesota Statutes, chapter 115A. The assumption makes the political subdivision responsible for processing and disposal of mixed municipal solid waste generated within it, including making provision for processing and disposal facilities. The assumption gives the political subdivision the authority to require that mixed municipal solid waste generated within the political subdivision be processed and disposed of at facilities designated by the political subdivision, except that the political subdivision may not use or designate mixed municipal solid waste disposal or processing facilities of the county without the consent of the county. The county may license persons transferring mixed municipal solid waste to the county facilities and may prohibit them from accepting mixed municipal solid waste generated within a political subdivision that has assumed authority and responsibility for mixed municipal solid waste processing and disposal.*



*(b) The assumption of mixed municipal solid waste processing and disposal authority and responsibility by a political subdivision is a binding agreement by the political subdivision to provide mixed municipal solid waste processing and disposal for the political subdivision without any obligation by the county to provide assistance from the county, including the use of county facilities."*

Pages 26 and 27, delete section 39

Pages 28 to 30, delete sections 42 and 43

Page 30, line 34, delete "1" and insert "10"

Page 30, line 35, delete "out"

Page 30, line 36, delete everything after "fee"

Page 31, line 1, delete "collection" and insert "from July 1, 1990, to September 30, 1990,"

Page 31, line 25, delete "37" and insert "41"

Page 32, delete lines 15 to 21

Page 32, line 22, delete "\$ . . . . ." and insert "\$75,000"

Page 32, line 23, delete "the purposes of"

Page 32, line 24, delete "conducting" and delete "46" and insert "42, to be available until November 30, 1991"

Page 32, line 36, delete everything after "19," and insert " 21, 23 to 25, 29,"

Page 33, line 1, delete everything before "are" and insert "30, 34 to 36, 38 to 40, and 45"

Page 33, line 2, delete everything after "Sections" and insert "37 and 41 are"

Renumber the sections of article 1 in sequence

Amend the title as follows:

Page 1, lines 20 and 21, delete "establishing a fee on certain paper stock in newspapers;"

Page 1, lines 38 and 39, delete "directing a resource recovery facility study to be conducted;"

Page 2, line 25, after "2;" insert "75;" and delete "sections 23," and insert "section"

Page 2, line 26, delete "subdivision 4, and"

And when so amended the bill do pass. Mr. Storm questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

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

H.F. No. 173 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
173	2468				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 173 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 173 and insert the language after the enacting clause of S.F. No. 2468, the first engrossment; further, delete the title of H.F. No. 173 and insert the title of S.F. No. 2468, the first engrossment.

And when so amended H.F. No. 173 will be identical to S.F. No. 2468, and further recommends that H.F. No. 173 be given its second reading and substituted for S.F. No. 2468, 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. 2375, 2060, 1787, 1473, 1944, 2188, 2194 and 1950 were read the second time.

### **SECOND READING OF HOUSE BILLS**

H.F. Nos. 851, 2230 and 173 were read the second time.

### **MOTIONS AND RESOLUTIONS**

Mr. Beckman moved that his name be stricken as a co-author to S.F. No. 2119. 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. Berg; Moe, R.D.; Decker; Samuelson and Anderson introduced—

S.F. No. 2633: A resolution memorializing the President and Congress of the United States to prevent the severe cutbacks in local programming on KCCO/KCCW-TV in Alexandria and Walker.

Referred to the Committee on Rules and Administration.

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2401 a Special Order to be heard immediately.

**SPECIAL ORDER**

H.F. No. 2401: A bill for an act relating to traffic regulations; establishing penalties for driving past railroad crossing warning devices and flaggers; providing for instruction in railroad crossing safety at driver improvement clinics; establishing standards and procedures for closing a railroad crossing; imposing penalties; amending Minnesota Statutes 1988, sections 169.26; and 169.973, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 219; repealing Minnesota Statutes 1988, sections 219.27 and 219.28.

Mr. Metzen moved to amend H.F. No. 2401, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2400.)

Page 4, line 4, delete "*establishment*,"

Page 4, line 19, delete "3" and insert "2"

The motion prevailed. So the amendment was adopted.

H.F. No. 2401 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.E.	Metzen	Ramstad
Anderson	DeCramer	Knaak	Moe, D.M.	Reichgott
Beckman	Diessner	Lantry	Moe, R.D.	Renneke
Benson	Flynn	Larson	Morse	Schmitz
Berglin	Frank	Lessard	Olson	Solon
Bernhagen	Frederick	Luther	Pariseau	Spear
Bertram	Frederickson, D.J.	Marty	Pehler	Storm
Brandl	Frederickson, D.R.	McGowan	Peterson, R.W.	Vickerman
Brataas	Freeman	McQuaid	Piepho	Waldorf
Cohen	Gustafson	Mehrkens	Piper	
Dahl	Hughes	Merriam	Purfcerst	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2365 a Special Order to be heard immediately.

**SPECIAL ORDER**

H.F. No. 2365: A bill for an act relating to the collection and dissemination of data; proposing classifications of data as private and nonpublic; clarifying access to data on decedents; changing classification nomenclature as it relates to medical examiner's data; amending Minnesota Statutes 1988, sections 13.03, subdivision 3; 13.10, subdivision 3; 13.41, subdivision 2; 13.46, subdivision 4; 13.83, subdivisions 4, 5, 7, and 9; Minnesota Statutes 1989 Supplement, sections 13.46, subdivision 2; 13.83, subdivision 8; 13.84, subdivision 5a; 171.06, subdivision 3; 270B.14, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Statutes 1988, section 13.641.

Mr. Peterson, R. W. moved to amend H.F. No. 2365, as amended pursuant to Rule 49, adopted by the Senate April 2, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2200.)

Page 12, line 3, delete "1" and insert "18"

Page 12, after line 14, insert:

"Sec. 22. [EFFECTIVE DATE.]

*Section 9 is effective the day following final enactment.*"

The motion prevailed. So the amendment was adopted.

Mr. Peterson, R.W. then moved to amend H.F. No. 2365, as amended pursuant to Rule 49, adopted by the Senate April 2, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2200.)

Page 3, after line 5, insert:

"Sec. 3. Minnesota Statutes 1988, section 13.37, subdivision 1, is amended to read:

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

(a) "Security information" means government data the disclosure of which would be likely to substantially jeopardize the security of information, possessions, individuals or property against theft, tampering, improper use, attempted escape, illegal disclosure, trespass, or physical injury. "*Security information*" includes *crime prevention block maps and lists of volunteers who participate in community crime prevention programs and their home addresses and telephone numbers.*

(b) "Trade secret information" means government data, including a formula, pattern, compilation, program, device, method, technique or process (1) that was supplied by the affected individual or organization, (2) that is the subject of efforts by the individual or organization that are reasonable under the circumstances to maintain its secrecy, and (3) that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

(c) "Labor relations information" means management positions on economic and noneconomic items that have not been presented during the collective bargaining process or interest arbitration, including information specifically collected or created to prepare the management position.

Sec. 4. Minnesota Statutes 1988, section 13.37, is amended by adding a subdivision to read:

*Subd. 3. [DATA DISSEMINATION.] Crime prevention block maps and names, home addresses, and telephone numbers of volunteers who participate in community crime prevention programs may be disseminated to volunteers participating in crime prevention programs."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Peterson, R.W. then moved to amend H.F. No. 2365, as amended pursuant to Rule 49, adopted by the Senate April 2, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2200.)

Page 3, after line 5, insert:

“Sec. 3. Minnesota Statutes 1988, section 13.41, is amended by adding a subdivision to read:

*Subd. 2a. [BOARD OF PEACE OFFICER STANDARDS AND TRAINING.] The following government data of the board of peace officer standards and training are private data:*

*(1) home addresses of licensees and applicants for licenses; and*

*(2) data that identify the state agency, statewide system, or political subdivision that employs a licensed peace officer.*

*The board may disseminate private data on applicants and licensees as is necessary to administer law enforcement licensure.”*

Page 12, after line 14, insert:

“Sec. 23. [EFFECTIVE DATE.]

*Section 3 is effective the day following final enactment.”*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Luther moved to amend H.F. No. 2365, as amended pursuant to Rule 49, adopted by the Senate April 2, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2200.)

Page 10, after line 27, insert:

“Sec. 18. Minnesota Statutes 1989 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~~ (2) as required by section 126.036, ~~or~~ (3) as authorized under section 13.82, subdivision 2, or (4) to the child's parent or guardian; 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. Except as provided in paragraph (c), 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.*

*(c) The commissioner of corrections may photograph juveniles whose legal custody is transferred to the commissioner. Photographs of juveniles authorized by this paragraph may be used only for institution management purposes and to assist law enforcement agencies to apprehend juvenile offenders. The commissioner shall maintain photographs of juveniles in the same manner as juvenile court records and names under this section.”*

Renumber the sections in sequence and correct the internal references  
Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2365 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Gustafson	McGowan	Piper
Anderson	Decker	Hughes	McQuaid	Purfeerst
Beckman	DeCramer	Johnson, D.E.	Merriam	Reichgott
Benson	Dicklich	Knaak	Metzen	Renneke
Berg	Diessner	Kroening	Moe, D.M.	Schmitz
Bernhagen	Flynn	Laidig	Morse	Spear
Bertram	Frank	Lantry	Olson	Storm
Brandl	Frederick	Larson	Pariseau	Stumpf
Brataas	Frederickson, D.J.	Lessard	Pehler	Vickerman
Chmielewski	Frederickson, D.R.	Luther	Peterson, R.W.	Waldorf
Cohen	Freeman	Marty	Piepho	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1798 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1798: A bill for an act relating to health; providing limited prescription privileges for physician assistants; requiring permanent registration for certain physician assistants; amending Minnesota Statutes 1988, section 151.37, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 147.

Mr. Johnson, D.E. moved to amend S.F. No. 1798 as follows:

Page 3, line 21, after the period, insert "*The board shall register as a physician assistant any person who as of August 24, 1987:*

(1) *had at least seven years of experience practicing as a physician assistant or surgical assistant;*

(2) *had been certified as a physician assistant by the national commission on certification of physician assistants, whether or not the person is currently certified; and*

(3) *had graduated from a physician assistant training program in Minnesota, whether or not the program was or has since been accredited or approved by the board."*

The motion prevailed. So the amendment was adopted.

S.F. No. 1798 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knaak	Merriam	Reichgott
Anderson	DeCramer	Kroening	Metzen	Renneke
Beckman	Dicklich	Laidig	Moe, D.M.	Schmitz
Benson	Diessner	Langseth	Moe, R.D.	Solon
Berg	Flynn	Lantry	Morse	Spear
Bernhagen	Frank	Larson	Olson	Storm
Bertram	Frederick	Lessard	Pariseau	Stumpf
Brataas	Frederickson, D.J.	Luther	Pehler	Vickerman
Chmielewski	Frederickson, D.R.	Marty	Peterson, R.W.	Waldorf
Cohen	Gustafson	McGowan	Piepho	
Dahl	Hughes	McQuaid	Piper	
Davis	Johnson, D.E.	Mehrrens	Ramstad	

So the bill, as amended, was 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. 2618 at 3:00 p.m.:

Messrs. Dicklich; Hughes; Johnson, D.E.; Waldorf and Mrs. Brataas. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2162 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 2162: A bill for an act relating to the operation of state government; changing certain procedures and limits for contracts with the state; establishing an advisory task force; authorizing reimbursement of certain expenses; changing certain vehicle marking and color provisions; clarifying certain transfer authority; amending Minnesota Statutes 1988, sections 16B.09, by adding a subdivision; 16B.17, subdivisions 3 and 4; 16B.24, subdivision 10; 16B.41, subdivision 4; 16B.58, subdivision 7; and Minnesota Statutes 1989 Supplement, sections 16B.28, subdivision 3; 16B.54, subdivision 2; and 40.46, subdivision 1.

Mr. Moe, D.M. moved to amend H.F. No. 2162, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2114.)

Page 8, line 17, delete everything after "*commissioner*"

Page 8, line 18, delete everything before "*may*"

Page 8, line 19, delete "*, respectively,*" and delete "*, the*"

Page 8, line 20, delete everything before "*from*"

Page 8, line 26, after the period, insert "*A certificate of occupancy may not be denied because of an exemption under this section.*"

The motion prevailed. So the amendment was adopted.

Mr. Knaak moved to amend H.F. No. 2162, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2114.)

Page 9, delete section 15

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Knaak then moved to amend H.F. No. 2162, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2114.)

Pages 10 and 11, delete section 17

Amend the title accordingly

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

Mr. Knaak then moved to amend H.F. No. 2162, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2114.)

Page 2, delete section 2

Renumber the sections in sequence

Amend the title accordingly

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

Mr. Pehler moved to amend H.F. No. 2162, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2114.)

Page 4, after line 12, insert:

"Sec. 6. Minnesota Statutes 1988, section 16B.24, subdivision 5, is amended to read:

Subd. 5. [RENTING OUT STATE PROPERTY.] (a) [ AUTHORITY.] The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the state executive council and may never be rented out for more than 25 years. *A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.*

(b) [RESTRICTIONS.] Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the department of natural resources, lands forfeited for delinquent taxes, lands acquired under section 298.22, or lands acquired under section 41.56 which are under the jurisdiction of the department of agriculture.

(c) [FORT SNELLING CHAPEL; RENTAL.] The Fort Snelling Chapel, located within the boundaries of Fort Snelling State Park, is available for use only on payment of a rental fee. The commissioner shall establish rental fees for both public and private use. The rental fee for private use by an organization or individual must reflect the reasonable value of equivalent rental space. Rental fees collected under this section must be deposited in the general fund.

(d) [RENTAL OF LIVING ACCOMMODATIONS.] The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant



to this paragraph must be deposited in the state treasury and credited to the general fund.

(e) [LEASE OF SPACE IN CERTAIN STATE BUILDINGS TO STATE AGENCIES.] The commissioner may lease portions of the state owned buildings in the capitol complex, the capitol square building, the health building, and the building at 1246 University Avenue, St. Paul, Minnesota, to state agencies and charge rent on the basis of space occupied. Notwithstanding any law to the contrary, all money collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the depreciation cost of a building built with state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund."

Renumber the sections in sequence and correct the internal references  
Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2162 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Adkins	Dahl	Gustafson	McQuaid	Piepho
Anderson	Davis	Hughes	Mehrkens	Ramstad
Beckman	Decker	Knaak	Merriam	Renneke
Benson	DeCramer	Laidig	Metzen	Schmitz
Berg	Diessner	Langseth	Moe, D.M.	Spear
Bernhagen	Flynn	Lantry	Moe, R.D.	Storm
Bertram	Frank	Larson	Morse	Vickerman
Brandl	Frederick	Lessard	Olson	
Brataas	Frederickson, D.J.	Luther	Pariseau	
Chmielewski	Frederickson, D.R.	Marty	Pehler	
Cohen	Freeman	McGowan	Peterson, R.W.	

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

**RECONSIDERATION**

Mr. Cohen moved that the vote whereby S.F. No. 1873 was passed by the Senate on April 5, 1990, be now reconsidered. The motion prevailed.

S.F. No. 1873: A bill for an act relating to crime victims; providing victims of delinquent acts the right to request notice of release of juvenile offenders from juvenile correctional facilities; providing notice to sexual assault victims when a juvenile offender is released from pretrial detention; requiring that victims be informed of their right to request the withholding of public law enforcement data that identifies them; clarifying the duty of court administrators to disburse restitution payments; making certain changes to the crime victims reparations act; amending Minnesota Statutes 1988, sections 611A.53, subdivision 2; and 611A.57, subdivision 6; Minnesota Statutes 1989 Supplement, sections 13.84, subdivision 5a; 260.161, subdivision 2; 611A.04, subdivision 2; 611A.06; 611A.52, subdivision 8; and 629.73;

proposing coding for new law in Minnesota Statutes, chapter 611A.

### RECONSIDERATION

Having voted on the prevailing side, Mr. Cohen moved that the vote whereby the Senate concurred in the House amendments to S.F. No. 1873 on April 5, 1990, be now reconsidered. The motion prevailed.

Mr. Cohen moved that the Senate do not concur in the amendments by the House to S.F. No. 1873, 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.

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2419 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2419: A bill for an act relating to human services; clarifying requirements for employment and training programs for recipients of AFDC; allowing county agencies to implement grant diversion programs; clarifying eligibility and payment requirements for general assistance and work readiness; clarifying requirements for child care programs; establishing criteria to certify employment and training service provider; requiring a two-year plan from the local service unit; amending Minnesota Statutes 1988, sections 256.73, subdivision 2; 256.736, subdivision 1a; 256.7365, subdivision 2; 256D.01, by adding a subdivision; 256D.02, subdivisions 5, 8, and 12; 256D.052, subdivision 5; 256D.06, subdivision 2; 256H.10, subdivisions 1 and 4; 256H.17; 268.673, subdivisions 3 and 5; 268.6751, subdivision 1; 268.676, subdivision 2; 268.677, subdivisions 2 and 3; 268.678; 268.681, subdivisions 1, 2, and 3; 268.86, subdivision 8; 268.871, subdivisions 1, 2, and by adding a subdivision; 268.90, subdivisions 1, 3, and 4; Minnesota Statutes 1989 Supplement, sections 256.73, subdivision 3a; 256.736, subdivisions 3, 3b, 4, 10, 10a, 11, 14, and 18; 256.737, subdivisions 1, 1a, and 2; 256D.01, subdivision 1a; 256D.051, subdivisions 1a, 1b, 2, 3, and 8; 256H.01, subdivisions 7, 8, and 12; 256H.09, subdivision 1; 256H.10, subdivision 3; 256H.11, subdivision 1; 256H.21, subdivision 9; 256H.22, subdivisions 2, 3, and 10; 268.0111, subdivision 4; 268.86, subdivision 2; 268.88; 268.881; Minnesota Statutes Second 1989 Supplement, section 256D.03, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 256; repealing Minnesota Statutes 1988, sections 256.736, subdivisions 1b, 2a, and 17; 256.7365, subdivision 8; 256D.06, subdivision 1c; 256H.01, subdivision 14; 256H.16; 268.672, subdivision 12; 268.86, subdivision 9; 268.872, subdivision 3; and Minnesota Statutes 1989 Supplement, section 256H.05, subdivisions 1, 1a, and 3a.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Decker	Laidig	Metzen	Reichgott
Beckman	DeCramer	Langseth	Moe, D.M.	Renneke
Benson	Diessner	Lantry	Moe, R.D.	Schmitz
Berg	Flynn	Larson	Morse	Solon
Bernhagen	Frank	Lessard	Olson	Spear
Bertram	Frederickson, D.J.	Luther	Pariseau	Stumpf
Brandl	Frederickson, D.R.	Marty	Pehler	Vickerman
Chmielewski	Freeman	McGowan	Peterson, R.W.	
Cohen	Gustafson	McQuaid	Piepho	
Dahl	Knaak	Mehrkens	Purfeerst	
Davis	Kroening	Merriam	Ramstad	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2483 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2483: A bill for an act relating to corporations; clarifying and modifying provisions relating to the organization and operation of nonprofit corporations; amending Minnesota Statutes 1989 Supplement, sections 317A.011, subdivision 15; 317A.021, subdivisions 1, 2, 4, and 7; 317A.111, subdivisions 3 and 4; 317A.115, subdivision 2; 317A.133, subdivisions 1, 2, 3, and 4; 317A.181, subdivision 2; 317A.201; 317A.205; 317A.207, subdivision 1; 317A.213; 317A.225; 317A.237; 317A.251, subdivision 3; 317A.301; 317A.311; 317A.321; 317A.341, subdivision 2; 317A.401, subdivision 4; 317A.403; 317A.431; 317A.435, subdivision 2; 317A.443, subdivision 1; 317A.453, subdivision 3; 317A.455, subdivision 3; 317A.615, subdivision 1; 317A.711, subdivision 2; 317A.735, subdivisions 1 and 2; 317A.811, subdivisions 1, 4, and 6; 317A.821, subdivisions 1 and 2; 317A.823, subdivisions 2 and 3; and 354A.021, subdivision 2.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Dahl	Knaak	Mehrkens	Ramstad
Anderson	Davis	Kroening	Merriam	Reichgott
Beckman	Decker	Laidig	Metzen	Renneke
Belanger	DeCramer	Langseth	Moe, R.D.	Schmitz
Benson	Diessner	Lantry	Morse	Spear
Berg	Flynn	Larson	Olson	Stumpf
Bernhagen	Frank	Lessard	Pariseau	Vickerman
Bertram	Frederickson, D.J.	Luther	Pehler	
Brandl	Frederickson, D.R.	Marty	Peterson, R.W.	
Chmielewski	Freeman	McGowan	Piepho	
Cohen	Gustafson	McQuaid	Piper	

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 1843 be taken from the table. The motion prevailed.

H.F. No. 1843: A bill for an act relating to crime; changing the scope of certain controlled substance offenses; allowing prosecution in any county of controlled substance offenses involving sales of amounts aggregated over

a 90-day period; providing that cocaine base is weighed as a mixture for purposes of first, second, and third degree controlled substance crimes; prohibiting the importing of controlled substances into the state; requiring the reporting of transactions involving substances that are precursors to controlled substances; providing for the distribution of forfeiture proceeds; defining controlled substances for purposes of reporting prenatal exposure to controlled substances; clarifying these reporting provisions; providing for maternal and child health services in chemical abuse situations; clarifying habitual DWI offender sanctions; requiring adoption of day-fine systems by each judicial district; creating intensive community supervision programs for certain prison inmates and offenders; creating pilot programs to require drug and alcohol testing as a condition of probation; creating pilot programs to provide chemical dependency treatment services in juvenile and adult jails and correctional facilities; creating pilot programs to require chemical dependency assessments for drug offenders; requiring a chemical use assessment to be conducted when a child is found delinquent of a drug offense; requiring chemical dependency treatment for certain offenders; providing an affirmative defense for certain liquor offenses; authorizing the court to order intermediate sanctions as a condition of probation; defining intermediate sanctions; appropriating money; amending Minnesota Statutes 1988, sections 90.301, subdivision 6; 145.88; 169.121, subdivisions 3a and 5; 169.124, subdivisions 1 and 2; 169.126, subdivisions 1, 4b, and 6; 244.05, by adding a subdivision; 256.98, subdivision 1; 256B.35, subdivision 5; 260.151, subdivision 1; 268.18, subdivision 3; 340A.503, subdivisions 1 and 3; 473.608, subdivision 17; 609.135, subdivisions 1, 6, and by adding a subdivision; 609.14; 631.40; and 631.48; Minnesota Statutes 1989 Supplement, sections 145.882, subdivision 7; 152.021; 152.022; 152.023, subdivisions 1 and 2; 152.024, subdivisions 1 and 2; 152.025, subdivision 1; 152.027, subdivision 4; 152.028, subdivision 2; 169.121, subdivision 3b; 169.126, subdivision 4; 244.05, subdivision 4; 260.193, subdivision 8; 299A.34, subdivision 1; 299A.35, subdivision 2; 299C.155, subdivisions 2 and 3; 340A.503, subdivision 2; 609.5315, subdivision 5; 626.556, subdivision 2; 626.5561, subdivisions 1, 3, 4, and by adding a subdivision; and 626.5562, subdivisions 1, 2, and 4; Laws 1989, chapter 290, article 1, section 6; proposing coding for new law in Minnesota Statutes, chapters 152; 214; 244; 299A; and 481; repealing Minnesota Statutes 1988, sections 169.124, subdivision 3; 169.126, subdivisions 2 and 3; Minnesota Statutes 1989 Supplement, section 169.126, subdivision 4a.

### 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. 1843 and that the rules of the Senate be so far suspended as to give H.F. No. 1843 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1843 was read the second time.

Mr. Spear moved to amend H.F. No. 1843 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1843, and insert the language after the enacting clause, and the title, of S.F. No. 1759, the third engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Spear then moved to amend H.F. No. 1843, as amended by the Senate April 5, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1759.)

Page 5, after line 10, insert:

"Sec. 3. Minnesota Statutes 1989 Supplement, section 152.023, subdivision 1, is amended to read:

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the third degree if:

(1) the person unlawfully sells one or more mixtures containing a narcotic drug;

(2) the person unlawfully sells one or more mixtures containing phenylidine or hallucinogen, it is packaged in dosage units, and equals ten or more dosage units;

(3) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule I, II, or III, except a schedule I or II narcotic drug, ~~marijuana or Tetrahydrocannabinols~~, to a person under the age of 18; ~~or~~

(4) the person conspires with or employs a person under the age of 18 to unlawfully sell one or more mixtures containing a controlled substance listed in schedule I, II, or III, except a schedule I or II narcotic drug, ~~marijuana or Tetrahydrocannabinols~~; ~~or~~

*(5) the person unlawfully sells one or more mixtures of a total weight of five kilograms or more containing marijuana or Tetrahydrocannabinols."*

Page 5, line 24, strike the second "or"

Page 5, line 26, strike the period and insert "; or

*(6) the person unlawfully possesses one or more mixtures of a total weight of ten kilograms or more containing marijuana or Tetrahydrocannabinols.*

Sec. 5. Minnesota Statutes 1989 Supplement, section 152.024, subdivision 1, is amended to read:

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the fourth degree if:

(1) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule I, II, or III, except ~~marijuana or Tetrahydrocannabinols~~ *a small amount of marijuana for no remuneration;*

~~(2) the person unlawfully sells one or more mixtures containing marijuana or Tetrahydrocannabinols to a person under the age of 18;~~

~~(3) the person conspires with or employs a person under the age of 18 to unlawfully sell one or more mixtures containing marijuana or Tetrahydrocannabinols;~~

~~(4)~~ (2) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule IV or V to a person under the age of 18; or

~~(5)~~ (3) the person conspires with or employs a person under the age of 18 to unlawfully sell a controlled substance classified in schedule IV or V.

Sec. 6. Minnesota Statutes 1989 Supplement, section 152.025, subdivision 2, is amended to read:

Subd. 2. [POSSESSION AND OTHER CRIMES.] A person is guilty of controlled substance crime in the fifth degree if:

(1) the person unlawfully possesses one or more mixtures containing a controlled substance classified in schedule I, II, III, or IV, except a small amount of marijuana; ~~or~~

*(2) the person unlawfully possesses one or more mixtures containing marijuana or Tetrahydrocannabinols with the intent to sell it, except a small amount of marijuana for no remuneration; or*

~~(2)~~ (3) the person procures, attempts to procure, possesses, or has control over a controlled substance by any of the following means:

(i) fraud, deceit, misrepresentation, or subterfuge;

(ii) using a false name or giving false credit; or

(iii) falsely assuming the title of, or falsely representing any person to be, a manufacturer, wholesaler, pharmacist, physician, doctor of osteopathy licensed to practice medicine, dentist, podiatrist, veterinarian, or other authorized person for the purpose of obtaining a controlled substance."

Renumber the sections of article 1 in sequence and correct the internal references

Amend the title accordingly

### CALL OF THE SENATE

Mr. Spear imposed a call of the Senate for the balance of the proceedings on H.F. No. 1843. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Spear amendment.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

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

The motion prevailed. So the amendment was adopted.

Mr. McGowan moved to amend the second Spear amendment to H.F. No. 1843, adopted by the Senate April 5, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1759.)

Page 1, line 25, delete "five" and insert "one"

Page 1, line 30, delete "ten" and insert "five"

Page 2, after line 14, insert:

"Sec. 6. Minnesota Statutes 1989 Supplement, section 152.024, subdivision 2, is amended to read:

Subd. 2. [POSSESSION CRIMES.] A person is guilty of controlled substance crime in the fourth degree if:

(1) the person unlawfully possesses one or more mixtures containing phencyclidine or hallucinogen, it is packaged in dosage units, and equals ten or more dosage units; or

(2) the person unlawfully possesses one or more mixtures containing a controlled substance classified in schedule I, II, or III, except marijuana or Tetrahydrocannabinols, with the intent to sell it; or

(3) the person unlawfully possesses one or more mixtures of a total weight of 500 grams or more containing marijuana or Tetrahydrocannabinols.

Sec. 7. Minnesota Statutes 1989 Supplement, section 152.025, subdivision 1, is amended to read:

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the fifth degree if:

~~(1) the person unlawfully sells one or more mixtures containing marijuana or Tetrahydrocannabinols, except a small amount of marijuana for no remuneration; or~~

~~(2) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule IV."~~

Page 2, line 15, delete "6" and insert "8"

The question was taken on the adoption of the McGowan amendment to the Spear amendment.

The roll was called, and there were yeas 49 and nays 15, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Frederickson, D.R.	Larson	Ramstad
Anderson	Cohen	Freeman	Lessard	Reichgott
Beckman	Dahl	Gustafson	McGowan	Renneke
Belanger	Davis	Johnson, D.E.	McQuaid	Samuelson
Benson	Decker	Knaak	Mehrkens	Solon
Berg	DeCramer	Knutson	Metzen	Storm
Bernhagen	Diessner	Kroening	Morse	Stumpf
Bertram	Frank	Laidig	Olson	Vickerman
Brandl	Frederick	Langseth	Pariseau	Waldorf
Brataas	Frederickson, D.J.	Lantry	Piepho	

Those who voted in the negative were:

Berglin	Hughes	Marty	Moe, R.D.	Piper
Dicklich	Johnson, D.J.	Merriam	Pehler	Schmitz
Flynn	Luther	Moe, D.M.	Peterson, R.W.	Spear

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

Mr. Spear moved that H.F No. 1843 be laid on the table. The motion prevailed.

## MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Messages From the House, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills. The motion prevailed.

## MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1981, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1981 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 4, 1990

## CONFERENCE COMMITTEE REPORT ON H.F. NO. 1981

A bill for an act relating to motor vehicles; providing for temporary permit while awaiting delivery of special vehicle license plates; requiring registered owner of motor vehicle to list address or mailing address of primary residence on application for registration; permitting motor vehicle owners to classify residence addresses as private data and to use mailing addresses on motor vehicle registration forms; clarifying when inspection fee must be paid to receive certificate of inspection for salvage vehicle; clarifying disclosure requirements for motor vehicle pollution control system; amending Minnesota Statutes 1988, sections 168.09, by adding a subdivision; 168.10, subdivision 1; and 325E.0951, subdivision 3a; Minnesota Statutes 1989 Supplement, section 168A.152, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 168.

April 2, 1990

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. 1981, 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. 1981 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 168.09, is amended by adding a subdivision to read:

*Subd. 7. [DISPLAY OF TEMPORARY PERMIT; SPECIAL PLATES.] A vehicle that displays a special plate issued under section 168.021; 168.12, subdivision 2, 2a, 2b, or 2c; 168.123; 168.124; 168.125; 168.126; or*



168.128 may display a temporary permit in conjunction with expired registration if:

(1) the current registration tax and all other fees have been paid in full; and

(2) the plate requires replacement under section 168.12, subdivision 1, paragraph (3).

The permit is valid for a period of 60 days. The permit must be in a form prescribed by the commissioner of public safety and whenever practicable must be posted upon the driver's side of the rear window on the inside of the vehicle. The permit is valid only for the vehicle for which it was issued to allow a reasonable time for the new license plates to be manufactured and delivered to the applicant.

Sec. 2. Minnesota Statutes 1988, 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~~ date of birth, and ~~addresses~~ the address of the primary residence of ~~all~~ each registered ~~owners~~ owner thereof who ~~are~~ is a natural ~~persons~~ person or mailing address if the address of the primary residence has been classified as private data under this chapter, the full ~~names~~ name and ~~addresses~~ address of ~~all~~ any other registered ~~owners~~ owner, 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. 3. Minnesota Statutes 1989 Supplement, section 168A.152, subdivision 2, is amended to read:

Subd. 2. [INSPECTION FEE.] A fee of \$20 must be paid to the department before the department ~~conducts an inspection under~~ *issues a certificate of title for a vehicle that has been inspected and for which a certificate of inspection has been issued pursuant to subdivision 1.* The only additional fee that may be assessed for issuing the certificate of title is the filing fee imposed under section 168.33, subdivision 7.

Fees collected by the department under this subdivision, for conducting inspections under subdivision 1, must be deposited in the general fund.

Sec. 4. Minnesota Statutes 1988, section 325E.0951, subdivision 3a, is amended to read:

Subd. 3a. [DISCLOSURE.] No person may transfer a motor vehicle *that was required to be manufactured with an air pollution control system* without certifying in writing to the transferee that to the best of the person's knowledge, the air pollution control systems, including the restricted gasoline fill pipe, have not been removed, altered, or rendered inoperative. The registrar of motor vehicles shall prescribe the manner and form in which this written disclosure must be made. No transferor may knowingly give a false statement to a transferee in making a disclosure required by this subdivision.

Sec. 5. [U.S. OPEN LICENSE PLATES.]

*Subdivision 1. [DEFINITIONS.] (a) "Committee" means the 1991 U.S. Open Committee.*

*(b) "Registrar" means the registrar of motor vehicles.*

*Subd. 2. [ISSUANCE AND DESIGN.] Upon the request of the committee, the registrar shall issue to the committee special license plates for use in connection with the 1991 United States Golf Association Open Championship. The special plates must be of a design approved by the registrar after consultation with the committee. The plates may be displayed on a passenger vehicle the use of which has been donated for the open championship by the vehicle manufacturer. The plates are valid for a period of 14 days after issuance.*

*Subd. 3. [FEES.] The registrar shall collect a fee of \$10 for each pair of special plates issued under this section. The minimum number of special plates the registrar may issue to the committee under this section is 50 pairs.*

*Subd. 4. [APPLICATION.] In requesting special plates under this section, the committee shall provide the following information to the registrar at least 120 days before the start of the period for which the plates are requested:*

- (1) the dates of the period for which the plates are requested;*
- (2) the name, address, and telephone number of an authorized representative of the committee;*
- (3) the quantity of plates requested; and*
- (4) a certification that the insurance required under Minnesota Statutes, section 65B.49, subdivision 3, will be provided for each vehicle for which special plates are provided under this section.*

*Subd. 5. [LIABILITY.] If a parking violation citation is issued for a violation committed by a driver of a vehicle displaying special plates issued under this section, the committee is liable for the amount of fine, penalty assessment, late payment penalty, or cost of warrants issued in connection with the violation unless, within 15 days after receiving knowledge of the violation, the committee provides to the issuing authority the following information to the extent available: the driver's full name, home address, local address, if any, license number, and employer's name and address. If the committee is relieved of liability under this subdivision, the person who committed the violation remains liable for the violation.*

**Sec. 6. [EFFECTIVE DATE.]**

*Sections 3 and 4 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to motor vehicles; providing for temporary permit while awaiting delivery of special vehicle license plates; requiring registered owner of motor vehicle to list address or mailing address of primary residence on application for registration; clarifying when inspection fee must be paid to receive certificate of inspection for salvage vehicle; clarifying disclosure requirements for motor vehicle pollution control system; providing for special U.S. Open license plates; amending Minnesota Statutes 1988, sections 168.09, by adding a subdivision; 168.10, subdivision 1; and 325E.0951, subdivision 3a; Minnesota Statutes 1989 Supplement, section 168A.152, subdivision 2."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Alice M. Johnson, Chuck Brown, Arthur W. Seaberg

Senate Conferees: (Signed) LeRoy A. Stumpf, William V. Belanger, Jr., Keith Langseth

Mr. Stumpf moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1981 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. 1981 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

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. 2500, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2500 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 5, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2500

A bill for an act relating to insurance; modifying the effective date of the statutory notice requirement for cancellation or nonrenewal of individual life policies; amending Laws 1989, chapter 330, section 38.

March 30, 1990

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. 2500, 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. 2500 be further amended as follows:

Page 1, line 16, delete "1989" and insert "1984"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Phil Carruthers, Wes Skoglund, Jerry Knickerbocker

Senate Conferees: (Signed) Sam G. Solon, Don Anderson, Michael O. Freeman

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2500 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. 2500 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

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. 2135, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2135 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 5, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2135

A bill for an act relating to Anoka county; authorizing the sale or exchange of certain land.

April 2, 1990

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. 2135, 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) Joe Quinn, Charlie Weaver, Joel Jacobs

Senate Conferees: (Signed) Steven G. Novak, Don Frank, Gene Merriam

Mr. Novak moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2135 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. 2135 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

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. 2056, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2056 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 5, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2056

A bill for an act relating to public safety; making it a crime for a driver to flee a peace officer from another state into Minnesota; authorizing a peace officer of another state to enter Minnesota in fresh pursuit for traffic and misdemeanor offenses; authorizing the admissibility of relevant evidence obtained in another state into evidence at Minnesota civil and criminal trials; granting peace officers of other states the authority to transport persons in legal custody under certain circumstances; amending Minnesota Statutes 1988, section 609.487, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 626 and 634.

April 3, 1990

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. 2056, 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) Marvin K. Dauner, Terry Dempsey, Kathleen Vellenga

Senate Conferees: (Signed) Keith Langseth, LeRoy A. Stumpf, David J. Frederickson

Mr. Langseth moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2056 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. 2056 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	Dahl	Knaak	Merriam	Ramstad
Anderson	Davis	Knutson	Metzen	Reichgott
Beckman	Decker	Kroening	Moe, D.M.	Renneke
Belanger	DeCramer	Laidig	Moe, R.D.	Samuelson
Benson	Dicklich	Langseth	Morse	Schmitz
Berg	Diessner	Lantry	Novak	Solon
Berglin	Flynn	Larson	Olson	Spear
Bernhagen	Frank	Lessard	Pariseau	Storm
Bertram	Frederickson, D.J.	Luther	Pehler	Stumpf
Brandl	Frederickson, D.R.	Marty	Peterson, R.W.	Vickerman
Brataas	Freeman	McGowan	Piepho	Waldorf
Chmielewski	Hughes	McQuaid	Piper	
Cohen	Johnson, D.E.	Mehrkens	Pogemiller	

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

## 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 referred

H.F. No. 2666: A bill for an act relating to elections; limiting campaign expenditures by congressional candidates who choose to receive a public subsidy for their campaigns; limiting certain contribution receipts by congressional candidates; clarifying and modifying certain exceptions to multicandidate political party expenditure limitations; modifying lobbyist reporting requirements; expanding certain reports by certain political committees and political funds; discontinuing the state ethical practices board's responsibility for developing and furnishing certain forms; providing an income tax credit for contributions to state candidates and political parties; limiting contributions and solicitations during a regular legislative session; providing a public subsidy for legislative candidates in special elections; requiring candidates to match funds received from the state elections campaign fund; requiring deer licenses to include an application for absentee ballots; requiring county auditors to provide a sample ballot for classroom use; specifying a time period for preparing a candidate's affidavit; providing

penalties; amending Minnesota Statutes 1988, sections 10A.01, subdivisions 7 and 10b; 10A.02, subdivision 1; 10A.04, subdivisions 2, 4, and 4a; 10A.05; 10A.20, subdivision 3; 10A.24; 10A.25, subdivision 10, and by adding a subdivision; 10A.255, by adding a subdivision; 10A.27, subdivisions 1 and 4; 10A.275; 10A.28, subdivision 1; 10A.30, subdivision 2; 10A.33; 97A.485, by adding a subdivision; 204B.09, subdivision 1; 204D.03, subdivision 1; 290.06, by adding a subdivision; and 383B.055, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 10A; and 204D; repealing Minnesota Statutes 1988, sections 10A.27, subdivision 5; 10A.32, subdivisions 1, 2, 3, and 4; and 211B.11, subdivision 2; Minnesota Statutes 1989 Supplement, section 10A.32, subdivision 3a.

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

Delete everything after the enacting clause and insert:

"GOVERNMENT REFORM ACT OF 1990

ARTICLE 1

Section 1. Minnesota Statutes 1988, section 10A.01, is amended by adding a subdivision to read:

*Subd. 2a. [EXTENDED FAMILY.] "Extended family" means a public or local official's or employee's spouse and a child, stepchild, grandchild, parent, stepparent, grandparent, brother, sister, half-brother, half-sister, aunt, uncle, or cousin of the official or employee or the official's or employee's spouse.*

Sec. 2. Minnesota Statutes 1988, section 10A.01, is amended by adding a subdivision to read:

*Subd. 2b. [GIFT.] "Gift" means the payment or receipt of anything of value unless consideration of greater or equal value is provided in return, but does not mean a contribution as defined in subdivision 7.*

Sec. 3. Minnesota Statutes 1988, section 10A.01, is amended by adding a subdivision to read:

*Subd. 25. [LOCAL OFFICIAL.] "Local official" means a person who holds elective office in a political subdivision or who is appointed to or employed in a public position in a political subdivision in which the person has authority to make, or to vote on as a member of the governing body of the subdivision, final decisions regarding the expenditure, investment, or deposit of public money.*

Sec. 4. Minnesota Statutes 1988, section 10A.01, is amended by adding a subdivision to read:

*Subd. 26. [POLITICAL SUBDIVISION.] "Political subdivision" means the metropolitan council, a metropolitan agency defined in section 473.121, subdivision 5a, a municipality as defined in section 471.345, subdivision 1, the Minnesota state high school league, and a public corporation established by law.*

Sec. 5. Minnesota Statutes 1988, section 10A.02, is amended by adding a subdivision to read:

*Subd. 14. [PUBLICATIONS.] The board and local officials shall publish and distribute to public officials and employees free of charge:*



(1) a copy of this chapter; and

(2) summaries, in easily understandable language and designed for the use of specific categories of officials and employees, of the portions of this chapter that govern those categories.

Sec. 6. Minnesota Statutes 1988, section 10A.04, subdivision 2, is amended to read:

Subd. 2. Each report shall cover the time from the last day of the period covered by the last report to 15 days prior to the current filing date. The reports shall be filed with the board by the following dates:

- (a) January 15;
- (b) April 15; and
- (c) July 15; and
- (d) ~~October 15.~~

Sec. 7. Minnesota Statutes 1988, section 10A.04, subdivision 4a, is amended to read:

Subd. 4a. If in any reporting period the lobbyist's reportable disbursements total not over \$100 and no honorarium, gift, loan, item or benefit equal in value to \$50 or more was given or paid to any public official, a statement to that effect in lieu of the report may be filed for that period. The unreported disbursements shall be included in the report for the following period, unless the total for that period, including the carryover, is not over \$100. The ~~October~~ January 15 report shall include all previously unreported disbursements, even though the total for the year is not over \$100.

Sec. 8. Minnesota Statutes 1988, section 10A.06, is amended to read:  
10A.06 [CONTINGENT FEES PROHIBITED.]

No person shall may act as or employ a lobbyist for compensation which that is dependent upon the result or outcome of any legislative or administrative action. Any A person who violates the provisions of this section is guilty of a gross misdemeanor.

Sec. 9. [LEGISLATIVE ETHICS COMMISSION.]

Subdivision 1. [MEMBERSHIP] (a) The legislative ethics commission consists of 13 members appointed as follows:

(1) five members of the senate, with minority representation proportionate to minority membership in the senate, appointed by the subcommittee on committees of the committee on rules and administration, to serve until their successors are appointed;

(2) five members of the house of representatives, with minority representation proportionate to minority membership in the house, appointed by the speaker, to serve until their successors are appointed; and

(3) three members of the ethical practices board, at least one of whom is a lobbyist, appointed by the chair of the ethical practices board.

(b) Each appointing authority shall fill a vacancy occurring among the members it originally appointed. Vacancies do not affect the authority of the remaining members to carry out the function of the commission.

*Subd. 2. [STAFF] The commission shall utilize existing legislative and ethical practices board staff members to enable the commission to carry out its functions.*

*Subd. 3. [DUTIES.] (a) The commission shall review Minnesota Statutes, chapter 10A, particularly with regard to the nature and extent of any problems that may exist regarding the current disclosure requirements for lobbyists and public officials and related campaign filing requirements.*

*(b) The commission shall conduct public hearings and otherwise obtain data and comments, and make recommendations by January 1, 1991, to assist the legislature in formulating legislation addressing problems relating to disclosure of information by lobbyists and public officials or other matters governed by chapter 10A that come to its attention.*

**Sec. 10. [REPEALER.]**

*Section 9 is repealed June 30, 1991.*

**ARTICLE 2**

**CONFLICT OF INTEREST REPORTING**

Section 1. Minnesota Statutes 1988, section 10A.07, is amended to read:  
10A.07 [CONFLICTS OF INTEREST.]

Subdivision 1. [DISCLOSURE OF POTENTIAL CONFLICTS.] ~~Any~~ A public or local official or public employee who in the discharge of official duties would be required to take an action or make a decision ~~which that~~ would substantially affect the official's or employee's financial interests or those of an associated business, unless the effect on the official or employee is no greater than on other members of the official's or employee's business classification, profession, or occupation, shall take the following actions:

- ~~(a)~~ (1) prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict of interest;
- ~~(b)~~ (2) deliver copies of the statement to ~~the board and~~ to the official's or employee's immediate superior, if any; and
- ~~(c)~~ (3) if a member of the legislature or of the governing body of a political subdivision, deliver a copy of the statement to the presiding officer of the ~~house~~ body of service.

If a potential conflict of interest presents itself and there is insufficient time to comply with ~~the provisions of clauses (a) (1) to (c) (3),~~ the public or local official or employee shall ~~verbally orally~~ inform the superior or the official body of service, or committee ~~thereof,~~ of the body of the potential conflict. ~~The official shall file a written statement with the board within one week after the potential conflict presents itself.~~

Subd. 2. If the ~~public~~ official or employee is not a member of the legislature or of the governing body of a political subdivision, the superior shall assign the matter, if possible, to another employee who does not have a potential conflict of interest. If there is no immediate superior, the ~~public~~ official or employee shall abstain, if possible, in a manner prescribed by the board from influence over the action or decision in question. If the ~~public~~ official is a member of the legislature, the house of service may, at the member's request, excuse the member from taking part in the action or decision in question. *If the official or employee is not permitted or is otherwise unable to abstain from action in connection with the matter, the*

*official or employee shall file with the board a statement describing the potential conflict and the action taken. The statement must be filed within a week of the action taken.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 10A.09, subdivision 1, is amended to read:

Subdivision 1. [TIME FOR FILING.] Except for a candidate for elective office in the judicial branch, an individual shall file a statement of economic interest with the board:

(a) (1) within 60 days of accepting employment as a public official or a local official in a political subdivision with a population of 10,000 or more;

(b) (2) within 14 days after filing an affidavit of candidacy or petition to appear on the ballot for an elective public office or an elective local office in a political subdivision with a population of 10,000 or more;

(c) (3) in the case of a public official requiring the advice and consent of the senate, within 14 days after undertaking the duties of office; or

(d) (4) in the case of members of the Minnesota racing commission, the director of the division of pari-mutuel racing, chief of security, medical officer, inspector of pari-mutuels, and stewards employed or approved by the commission or persons who fulfill those duties under contract, within 60 days of accepting or assuming duties.

Sec. 3. Minnesota Statutes 1988, section 10A.09, subdivision 2, is amended to read:

Subd. 2. [NOTIFICATION.] The secretary of state or the appropriate county auditor, upon receiving an affidavit of candidacy or petition to appear on the ballot from an individual required by this section to file a statement of economic interest, and any official who nominates or employs a public or local official required by this section to file a statement of economic interest, shall notify the board of the name of the individual required to file a statement and the date of the affidavit, petition, or nomination.

Sec. 4. Minnesota Statutes 1988, section 10A.09, is amended by adding a subdivision to read:

Subd. 5a. [LOCAL OFFICIALS IN SMALLER SUBDIVISIONS.] A local official in a political subdivision with a population of less than 10,000 shall file a statement of economic interest and a supplementary statement in accordance with subdivisions 1 and 6 disclosing the giver, nature, and approximate value of a gift with a fair market value of \$100 or more, or of gifts with an aggregate fair market value of \$100 or more, received during the period covered by the report from an association, or a person other than a member of the reporting individual's extended family, with a financial interest in a matter with which the individual deals in the course of the individual's official duties.

Sec. 5. Minnesota Statutes 1988, section 10A.09, is amended by adding a subdivision to read:

Subd. 6a. [DUPLICATE FILING; LOCAL OFFICIALS.] A local official required to file a statement or a supplementary statement under this section shall file with the governing body of the official's political subdivision a duplicate of the statement filed with the board. The governing body shall maintain statements filed with it under this subdivision and make them

*available for public inspection.*

Sec. 6. [APPROPRIATION.]

*\$108,000 is appropriated from the general fund to the ethical practices board for the purposes of this act. \$20,000 is for fiscal year 1990 and \$88,000 is for fiscal year 1991. The approved complement of the ethical practices board is increased by one and one-half positions.*

ARTICLE 3

STATE CAMPAIGN FINANCE REFORM

Section 1. Minnesota Statutes 1988, section 10A.01, subdivision 7, is amended to read:

Subd. 7. "Contribution" means a transfer of funds or a donation in kind.

Contribution includes any loan or advance of credit to a political committee, political fund, or principal campaign committee, which loan or advance of credit is (a) forgiven, or (b) paid by an ~~entity~~ *individual or an association* other than the political committee, political fund, or principal campaign committee to which the loan or advance of credit is made. If an advance of credit or a loan is forgiven or paid as provided in this subdivision, it is a contribution in the year in which the loan or advance of credit is made.

A contribution made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Contribution does not include services provided without compensation by an individual volunteering personal time on behalf of a candidate, ballot question, political committee or political fund, or the publishing or broadcasting of news items or editorial comments by the news media.

Sec. 2. Minnesota Statutes 1988, section 10A.01, subdivision 10b, is amended to read:

Subd. 10b. "Independent expenditure" means an expenditure expressly advocating the election or defeat of a clearly identified candidate, which expenditure is made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent. An independent expenditure is not a contribution *to that candidate*.

Sec. 3. Minnesota Statutes 1988, section 10A.01, subdivision 10c, is amended to read:

Subd. 10c. "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, by a political committee, political fund, or principal campaign committee for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question.

Noncampaign disbursement includes:

- (a) Payment for accounting and legal services;
- (b) Return of a contribution to the source;
- (c) Repayment of a loan made to the political committee, political fund, or principal campaign committee by that committee or fund;

(d) Return of money from the state elections campaign fund;

(e) Payment for food and beverages consumed at a fundraising event of expenses relating to fundraising;

(f) Services for a constituent by a member of the legislature or a constitutional officer in the executive branch, performed from the beginning of the term of office to 60 days after adjournment sine die of the legislature in the election year for the office held; and

(g) A donation in kind given to the political committee, political fund, or principal campaign committee for purposes listed in clauses (e) and (f). The board shall determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

**Sec. 4. [10A.065] [CONTRIBUTIONS AND SOLICITATIONS DURING LEGISLATIVE SESSION.]**

*Subdivision 1. [REGISTERED LOBBYIST CONTRIBUTIONS; LEGISLATIVE SESSION.] A candidate for the legislature, the candidate's principal campaign committee, any other political committee with the candidate's name or title, or any committee authorized by the candidate for the benefit of the candidate, shall not solicit or accept a contribution on behalf of the candidate's principal campaign committee, any other political committee with the candidate's name or title, or any committee authorized by the candidate for the benefit of the candidate, from a registered lobbyist, political committee, or political fund during a regular session of the legislature.*

*Subd. 2. [DEFINITION.] For purposes of this section, "regular session" does not include a special session or the interim between the two annual sessions of a biennium.*

*Subd. 3. [CIVIL PENALTY.] A candidate or political committee that violates this section is subject to a civil fine of up to \$500. If the 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 a candidate or a candidate's principal campaign committee in a legislative special election during the period beginning when the person becomes a candidate in the special election and ending on the day of the 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, or to a member of that political committee acting solely on behalf of the committee.*

**Sec. 5. Minnesota Statutes 1988, section 10A.18, is amended to read:  
10A.18 [BILLS WHEN RENDERED AND PAID.]**

Every person who has a bill, charge, or claim against any political committee or political fund for any expenditure shall render, to the extent practicable, in writing to the treasurer of the committee or fund the bill, charge, or claim within 60 days after the material or service is provided.

~~Failure to so present the bill, charge or claim is a misdemeanor.~~

Sec. 6. Minnesota Statutes 1988, section 10A.19, subdivision 1, is amended to read:

Subdivision 1. No candidate shall accept contributions from any source, other than self, in aggregate in excess of \$100 or any money from the state elections campaign fund unless the candidate designates and causes to be formed a single principal campaign committee. *A candidate may not designate or cause to be formed any other committee that has the candidate's name or title or otherwise operates with the direct, indirect, or implied authorization of the candidate.*

Sec. 7. Minnesota Statutes 1988, section 10A.20, subdivision 3, is amended to read:

Subd. 3. Each report under this section shall disclose:

(a) The amount of liquid assets on hand at the beginning of the reporting period;

(b) The name, address and employer, or occupation if self-employed, of each individual, political committee or political fund who within the year has made one or more transfers or donations in kind to the political committee or political fund, including the purchase of tickets for all fund raising efforts, which in aggregate exceed \$100 for legislative or statewide candidates or ballot questions, together with the amount and date of each transfer or donation in kind, and the aggregate amount of transfers and donations in kind within the year from each source so disclosed. A donation in kind shall be disclosed at its fair market value. An approved expenditure is listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors shall be listed in alphabetical order;

(c) The sum of contributions to the political committee or political fund during the reporting period;

(d) Each loan made or received by the political committee or political fund within the year in aggregate in excess of \$100, continuously reported until repaid or forgiven, together with the name, address, occupation and the principal place of business, if any, of the lender and any endorser and the date and amount of the loan. If any loan made to the principal campaign committee of a candidate is forgiven at any time or repaid by any entity other than that principal campaign committee, it shall be reported as a contribution for the year in which the loan was made;

(e) Each receipt in excess of \$100 not otherwise listed under clauses (b) to (d);

(f) The sum of all receipts of the political committee or political fund during the reporting period;

(g) The name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the political committee or political fund within the year in excess of \$100, together with the amount, date, and *specific* purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, identification of the ballot question which the expenditure is intended to promote or defeat, and in the case of independent expenditures made in opposition to a candidate,

the name, address and office sought for each such candidate;

(h) The sum of all expenditures made by or on behalf of the political committee or political fund during the reporting period;

(i) The amount and nature of any advance of credit incurred by the political committee or political fund, continuously reported until paid or forgiven. If any advance of credit incurred by the principal campaign committee of a candidate is forgiven at any time by the creditor or paid by any entity other than that principal campaign committee, it shall be reported as a donation in kind for the year in which the advance of credit was incurred;

(j) The name and address of each political committee, political fund, or principal campaign committee to which aggregate transfers in excess of \$100 have been made within the year, together with the amount and date of each transfer;

(k) The sum of all transfers made by the political committee, political fund, or principal campaign committee during the reporting period;

~~(l) For principal campaign committees only, the sum of noncampaign disbursements made in each category listed in section 10A.01, subdivision 10e, during the reporting period; and~~

~~(m) The sum of all noncampaign disbursements made by the political committee, political fund, or principal campaign committee during the reporting period.~~

*(l) The name and address of each individual or association to whom aggregate noncampaign disbursements in excess of \$100 have been made by or on behalf of a principal campaign committee, political committee, or political fund during the year, together with the amount, date, and specific purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made.*

Sec. 8. Minnesota Statutes 1988, section 10A.20, subdivision 5, is amended to read:

Subd. 5. In any statewide election any contribution or contributions from any one source totaling \$2,000 or more, or in any legislative election totaling more than \$400, received between the last day covered in the last report prior to an election and the election shall be reported to the board in one of the following ways:

- (1) in person within 48 hours after its receipt;
- (2) by telegram or mailgram within 48 hours after its receipt; or
- (3) by certified mail sent within 48 hours after its receipt.

These contributions must also be reported in the next required report.

*The 48-hour notice requirement does not apply with respect to primary elections where the statewide or legislative candidate is unopposed in that primary.*

Sec. 9. Minnesota Statutes 1988, section 10A.20, is amended by adding a subdivision to read:

*Subd. 13. [SPECIFIC PURPOSE.] A requirement that the report disclose the specific purpose of an expenditure or noncampaign disbursement means that the report must contain a meaningful description of the goods or*

*services in exchange for which the expenditure or disbursement was made. The use of broad categories, such as "miscellaneous," "entertainment," or "travel," does not satisfy this reporting requirement.*

Sec. 10. Minnesota Statutes 1988, section 10A.20, is amended by adding a subdivision to read:

*Subd. 14. [THIRD PARTY REIMBURSEMENT.] An individual, political committee, or political fund filing a report disclosing an expenditure or noncampaign disbursement that must be reported and itemized under subdivision 3, paragraph (g), that is a reimbursement to a single third party is required to report the specific purpose of each expenditure or disbursement for which the third party is being reimbursed. An expenditure or disbursement is a reimbursement to a third party if it is for goods or services that were not directly provided by the individual or association to whom the expenditure is made. Third party reimbursements include payments to credit card companies and reimbursement of individuals for expenses they have incurred.*

Sec. 11. Minnesota Statutes 1988, section 10A.20, is amended by adding a subdivision to read:

*Subd. 15. [INCOME TAX EXPENDITURES.] A report filed under this section must include any expenditures to the state or federal government to satisfy income tax liabilities. Each individual tax payment must be identified by the amount paid, the date, and the recipient.*

Sec. 12. Minnesota Statutes 1988, section 10A.22, subdivision 7, is amended to read:

*Subd. 7. The treasurer of a political committee or political fund shall not accept a contribution of more than \$100 from a ~~political committee or political fund~~ an association not registered in this state unless the contribution is accompanied by a written statement which meets the disclosure and reporting period requirements imposed by section 10A.20. This statement shall be certified as true and correct by an officer of the contributing ~~political committee or political fund~~ association. The political committee or political fund which accepts the contribution shall include a copy of the statement with the report which discloses the contribution to the board. The provisions of this subdivision shall not apply when a national political party transfers money to its affiliate in this state.*

Sec. 13. Minnesota Statutes 1988, section 10A.22, is amended by adding a subdivision to read:

*Subd. 8. [CONDITIONS.] Notwithstanding subdivision 7, the unregistered association may provide the statement to no more than three political committees or political funds in any calendar year and each statement must cover at least the 30 days immediately preceding and including the date on which the contribution was made. An individual or association violating this subdivision is subject to a civil penalty of up to \$1,000. An individual who knowingly violates this subdivision is guilty of a misdemeanor.*

Sec. 14. Minnesota Statutes 1988, section 10A.24, is amended to read:

**10A.24 [DISSOLUTION OR TERMINATION.]**

*Subdivision 1. [TERMINATION REPORT.] No political committee or political fund shall dissolve until it has settled all of its debts and disposed of all its assets in excess of \$100 and filed a termination report. The*



termination report may be made at any time and shall include all information required in periodic reports.

*Subd. 2. [TERMINATION ALLOWED.] Notwithstanding subdivision 1, after mailing notice to any remaining creditors by certified mail, a political committee or political fund that has debts which were incurred more than six years previously, has disposed of all its assets, and has met the requirements of section 10A.20, subdivision 7, may file a termination report.*

*Subd. 3. [LIQUIDATION OF INACTIVE FUNDS.] (a) An inactive principal campaign committee, or other political committee or political fund with the name or title of a candidate or authorized by a candidate for the candidate's benefit, must be dissolved and its assets liquidated and deposited in the general account of the state elections campaign fund within 30 days of becoming inactive. A principal campaign committee becomes inactive on the later of the following dates:*

*(1) when ten years have elapsed since the last election for the office sought or held at the time the principal campaign committee registered with the board; or*

*(2) when ten years have elapsed since the last day on which the individual for whom it exists served in an elective office subject to this chapter.*

*A committee or fund other than a principal campaign committee becomes inactive when two years have elapsed since the committee or fund engaged in a transaction requiring the filing of a report under this chapter.*

*(b) If a committee or fund becomes inactive when it still has unpaid debts, the committee or fund shall liquidate the available assets to pay the debts. If insufficient assets exist to pay the debts, the board may set up a payment schedule and allow the committee or fund to defer dissolution until all debts are paid.*

Sec. 15. Minnesota Statutes 1988, section 10A.241, is amended to read:  
10A.241 [TRANSFER OF FUNDS AND DEBTS.]

~~Notwithstanding any provisions of this chapter to the contrary except as provided in this section;~~ A candidate may terminate the candidate's principal campaign committee for ~~one~~ a state office by transferring ~~any~~ all funds and debts of that committee to the candidate's principal campaign committee for another state office, a local office, or a congressional office, subject to applicable limits, provided that any outstanding unpaid bills or loans from the committee being terminated are assumed and continuously reported by the committee to which the transfer is being made until paid or forgiven. A loan that is forgiven is covered by section 10A.20 and, for purposes of section 10A.32, is a contribution to the principal campaign committee from which the debt was transferred under this section.

Sec. 16. Minnesota Statutes 1988, section 10A.25, is amended by adding a subdivision to read:

*Subd. 2a. [AGGREGATED EXPENDITURES.] When a candidate makes expenditures from more than one principal campaign committee for nomination or election to statewide office in the same election year, the amount of expenditures from all of the candidate's principal campaign committees for statewide office for that election year must be aggregated for purposes of the application of the limits on campaign expenditures under subdivision 2, clauses (a) to (c).*

Sec. 17. Minnesota Statutes 1988, section 10A.25, subdivision 5, is amended to read:

Subd. 5. Notwithstanding the limits imposed by subdivision 2, the winning candidate in a contested race in a primary who receives less than twice as many votes as any one of the candidate's opponents in that primary may make aggregate expenditures and approved expenditures equal to 120 percent of the applicable amount as set forth in subdivision 2, *as adjusted by section 10A.255.*

Sec. 18. Minnesota Statutes 1988, section 10A.25, subdivision 10, is amended to read:

Subd. 10. The expenditure limits imposed by this section apply only to candidates whose *major political party* 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 an allocation of money from the state elections campaign fund.

A candidate of a *major political party* who agrees to be bound by the limits and receives a public subsidy, who has an opponent who: (1) is a candidate of a *major political party*; and (2) 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. 19. Minnesota Statutes 1988, section 10A.255, is amended by adding a subdivision to read:

*Subd. 3. [PUBLICATION OF EXPENDITURE LIMIT.] By June 15 of each year the board shall publish in the State Register the expenditure limit for each office for that calendar year under section 10A.25 as adjusted by this section.*

Sec. 20. Minnesota Statutes 1988, section 10A.27, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivisions 2 and 6, no candidate shall permit the candidate's principal campaign committee to accept contributions from any individual, political committee, or political fund in excess of the following:

(a) To candidates for governor and lieutenant governor running together, \$60,000 in an election year for the office sought and \$12,000 in other years;

(b) To a candidate for attorney general, \$10,000 in an election year for the office sought and \$2,000 in other years;

(c) To a candidate for the office of secretary of state, state treasurer or state auditor, \$5,000 in an election year for the office sought and \$1,000 in other years;

(d) To a candidate for state senator, \$1,500 in an election year for the office sought ~~and \$300 in other years~~; and

(e) *To a candidate for state senator, \$300 in other years;*

(f) *To a candidate for state representative, \$750 in an election year for the office sought; and \$150 in the other year*

(g) *To a candidate for state representative, \$150 in other years.*

Sec. 21. Minnesota Statutes 1988, section 10A.27, subdivision 4, is

amended to read:

Subd. 4. For the purposes of this section, a political party means the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts, and all or part of the party organization within either house of the legislature, except for individual members.

Sec. 22. [10A.271] [CONTRIBUTION LIMIT ADJUSTMENT.]

*The dollar amounts in section 10A.27, subdivision 1, paragraphs (e) and (g), must be adjusted for 1991 and subsequent nonelection years as provided in this section. By June 1 of each general election year, the executive director of the board shall determine the percentage increase in the consumer price index from December of the year in which the last determination was made, or December 1987, for the adjustment made in 1991, to December of the year preceding the current year. The dollar amounts used for the current 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 nonelection year. The product must be rounded up to the next highest number of dollars evenly divisible by 25. 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 1982 as a base year.*

Sec. 23. Minnesota Statutes 1988, section 10A.275, is amended to read:

10A.275 [MULTICANDIDATE POLITICAL PARTY EXPENDITURES.]

*Subdivision 1. [EXCEPTIONS.] Notwithstanding any other provisions of this chapter, the following expenditures by a state political party or, a substate party unit of a state political party as described in section 10A.27, subdivision 4, or two or more party units acting together, with at least one party unit being either: the state party organization or the party organization within a congressional district, county, or legislative district, shall not be considered contributions to or expenditures on behalf of any candidate for the purposes of section 10A.25 or 10A.27, and shall not be allocated to any candidates pursuant to section 10A.22, subdivision 5:*

(a) expenditures on behalf of candidates of that party generally without referring to any of them specifically in any advertisement published, posted or broadcast;

(b) expenditures for the preparation, display, mailing or other distribution of an official party sample ballot listing the names of three or more individuals whose names are to appear on the ballot;

(c) expenditures for any telephone conversation including the names of three or more individuals whose names are to appear on the ballot; or

(d) expenditures for any political party fundraising effort on behalf of three or more candidates; or

(e) expenditures for party committee staff member services that benefit three or more candidates. This paragraph applies only to staff members paid from the political committee of a political party as defined in section 10A.27, subdivision 4.

Subd. 2. [PARTY UNIT.] *For purposes of this section, "party unit"*

*means all or part of the party organization within each house of the legislature; the state party organization; or the party organization within a congressional district, county, legislative district, municipality, or precinct.*

Sec. 24. Minnesota Statutes 1988, section 10A.28, subdivision 1, is amended to read:

Subdivision 1. [CANDIDATE EXCEEDING EXPENDITURE LIMITS.] A candidate subject to the expenditure limits of in section 10A.25 who permits the candidate's principal campaign committee to make expenditures or permits approved expenditures to be made on the candidate's behalf in excess of the limits imposed by section 10A.25 ~~shall be~~, as adjusted by section 10A.255, is subject to a civil fine up to four times the amount which the expenditures exceeded the limit.

Sec. 25. Minnesota Statutes 1988, section 10A.30, subdivision 2, is amended to read:

Subd. 2. Within the state elections campaign fund account there shall be maintained a separate *political party* account for the candidates of each political party and a general account.

Sec. 26. [10A.315] [SPECIAL ELECTION SUBSIDY.]

(a) *Each eligible candidate for a legislative office in a special election must be paid a public subsidy equal to the sum of:*

(1) *the party account money at the last general election for the candidate's party for the office the candidate is seeking; and*

(2) *the general account money paid to candidates for the same office at the last general election.*

(b) *If the filing period for the special election does not coincide with the filing period for the general election, a candidate who wishes to receive this public subsidy must submit a signed agreement under section 28 to the board not later than the day after the candidate files the affidavit of candidacy or nominating petition for the office. The special election subsidy must be distributed in the same manner as money in the general account is distributed to legislative candidates in a general election.*

(c) *The amount necessary to make the payments required by this subdivision is appropriated from the general fund to the state treasurer.*

Sec. 27. [10A.321] [ESTIMATES OF MINIMUM AMOUNTS TO BE RECEIVED.]

Subdivision 1. [CALCULATION AND CERTIFICATION OF ESTIMATES.] *The commissioner of revenue shall calculate and certify to the board before July 1 in an election year an estimate of the total amount in the state general account of the state elections campaign fund and the amount of money each candidate who qualifies, as provided in section 10A.31, subdivisions 6 and 7, may receive from the candidate's party account in the state elections campaign fund. This estimate must be based upon the allocations and formulas in section 10A.31, subdivision 5, any necessary vote totals provided by the secretary of state to apply the formulas in section 10A.31, subdivision 5, and the amount of money expected to be available after 100 percent of the tax returns have been processed.*

Subd. 2. [PUBLICATION, CERTIFICATION, AND NOTIFICATION PROCEDURES.] *Before the first day of filing for office, the board shall*

*publish and forward to all filing officers the estimates calculated and certified under subdivision 1 along with a copy of section 10A.25. Within seven days after the last day for filing for office, the secretary of state shall certify to the board the name, address, office sought, and party affiliation of each candidate who has filed with that office an affidavit of candidacy or petition to appear on the ballot. The auditor of each county shall certify to the board the same information for each candidate who has filed with that county an affidavit of candidacy or petition to appear on the ballot. Within seven days afterward, the board shall estimate the minimum amount to be received by each candidate who qualifies, as provided in section 10A.31, subdivisions 6 and 7. By August 15 the board shall notify all candidates of their minimum amount. The board shall include with the notice a form for the agreement provided in section 28 along with a copy of section 10A.25.*

**Sec. 28. [10A.322] [PUBLIC SUBSIDY AGREEMENTS.]**

*Subdivision 1. [AGREEMENT BY CANDIDATE.] (a) As a condition of receiving a public subsidy from the state elections campaign fund, a candidate shall sign and file with the board a written agreement in which the candidate agrees that:*

*(1) the aggregate of expenditures made by the principal campaign committee of the candidate and approved expenditures made on behalf of the candidate will not exceed the expenditure limits in section 10A.25, as adjusted by section 10A.255, except as otherwise provided by section 10A.25, subdivision 10;*

*(2) 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 will 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, that exceed the difference between the amount that may legally be expended by or for the candidate, and the amount that the candidate receives from the state elections campaign fund; and*

*(3) 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 exceed the difference will be returned to the state treasurer, deposited in the state treasury, and credited to the general fund.*

*(b) 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 must be considered contributions accepted by that candidate in that year for the purposes of this subdivision. The portion of contributions accepted by a candidate in an election year that equals the amount of noncampaign disbursements and contributions and expenditures to promote or defeat a ballot question that are made by that candidate in that year does not count toward the aggregate contributions and approved expenditure limit imposed by this subdivision.*

*Subd. 2. [SUBMISSION OF AGREEMENT.] Before the first day of filing for office, the board shall forward agreement forms to all filing officers. The candidate may sign an agreement and submit it to the filing officer on the day of filing an affidavit of candidacy or petition to appear on the*

ballot, in which case the filing officer shall without delay forward signed agreements to the board. Alternatively, the candidate may submit the agreement directly to the board by the following September 1. An agreement may not be rescinded after that date. The board shall forward a copy of any agreement signed under this subdivision to the commissioner of revenue.

*Subd. 3. [HOW LONG AGREEMENT IS EFFECTIVE.]* The agreement, insofar as it relates to the expenditure limits in section 10A.25, as adjusted by section 10A.255, remains effective for candidates until the dissolution of the principal campaign committee of the candidate or the day filings open for the next succeeding election to the office held or sought at the time of the agreement, whichever occurs first.

**Sec. 29. [10A.323] [MATCHING REQUIREMENTS.]**

*In addition to the requirements of section 28, to be eligible to receive a public subsidy from the state elections campaign fund a candidate shall file an affidavit with the board stating that during that calendar year the candidate has accumulated contributions, including unexpended balances from the year before, or has made self-contributions, equal to 20 percent or more of the minimum amount that the board estimates, on August 15 of the general election year, would be received by the candidate from the state elections campaign fund. The candidate or the candidate's treasurer shall submit the affidavit required by this subdivision to the board in writing by October 1 of the general election year.*

**Sec. 30. [10A.324] [RETURN OF PUBLIC SUBSIDY.]**

*Subdivision 1. [WHEN RETURN REQUIRED.]* A candidate shall return all or a portion of the public subsidy received from the state elections campaign fund under the circumstances in paragraph (a), (b), or (c).

*(a) To the extent that the amount of public subsidy received by the candidate exceeds the expenditure limits for the office held or sought, as provided in section 10A.25 and as adjusted by section 10A.255, the treasurer of the candidate's principal campaign committee shall return the excess to the board.*

*(b) To the extent that the amount of public subsidy received exceeds the aggregate of: (1) actual expenditures made by the principal campaign committee of the candidate; and (2) approved expenditures made on behalf of the candidate, the treasurer of the candidate's principal campaign committee shall return an amount equal to the difference to the board.*

*(c) 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 exceed the difference must be returned to the state treasurer, deposited in the state treasury, and credited to the general fund.*

*Subd. 2. [HOW RETURN DETERMINED.]* Whether or not a candidate is required under subdivision 1 to return all or a portion of the public subsidy received from the state elections campaign fund must be determined from the report required to be filed with the board by that candidate by January 31 of the year following an election. Any amount required to be returned must be submitted in the form of a check or money order and must accompany the report filed with the board. The board shall forward the check or money order to the state treasurer for deposit in the general fund. The amount returned must not exceed the amount of public subsidy

received by the candidate from the state elections campaign fund.

*Subd. 3. [RETURN NOT REQUIRED.] A candidate whose campaign spending is unlimited under conditions imposed by section 10A.25, subdivision 10, and who certifies that the candidate made campaign expenditures equal to the full amount of the public financing received is not required to return any portion of the money received from the state elections campaign fund under the aggregate contribution limit provisions of this section.*

**Sec. 31. [10A.325] [POLITICAL PARTY NOT HAVING CERTAIN CANDIDATES.]**

*If money has been accumulated in the state elections campaign fund for the candidates of a political party, and the party does not have a candidate in a general election for the office of state senator or state representative, the party account money allocated for the office for which there is no candidate must be returned to the general fund of the state. If that party does not have a candidate in a general election for any state constitutional office, the party account money allocated for that office must be transferred to the state general account of the state elections campaign fund for reallocation to all of the candidate offices as provided in section 10A.31, subdivision 5, and for distribution in that election year to candidates as provided in section 10A.31, subdivision 7.*

**Sec. 32. Minnesota Statutes 1988, section 211A.07, is amended to read:  
211A.07 [BILLS WHEN RENDERED AND PAID.]**

*A person who has a bill, charge, or claim against a candidate's committee shall, to the extent practicable, 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. 33. [REPEALER.]**

*Minnesota Statutes 1988, sections 10A.32, subdivisions 1, 2, 3, and 4; and 10A.33; and Minnesota Statutes 1989 Supplement, section 10A.32, subdivision 3a, are repealed.*

**Sec. 34. [EFFECTIVE DATE.]**

*This article is effective July 1, 1990.*

**ARTICLE 4**

**LIMITATIONS ON CONGRESSIONAL CAMPAIGN SPENDING**

**Section 1. [10A.41] [DEFINITIONS.]**

*Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 1 to 11. The definitions in section 10A.01 also apply to sections 1 to 11, except as they are superseded by the definitions in this section.*

*Subd. 2. [AUTHORIZED COMMITTEE.] "Authorized committee" means the principal campaign committee or another political committee designated and authorized by a congressional candidate under United States Code, title 2, section 432, subsection (e)(1), to receive contributions or make expenditures on behalf of that congressional candidate.*

*Subd. 3. [CAMPAIGN EXPENDITURE; EXPENDITURE.] "Campaign expenditure" or "expenditure" means "expenditure" as that term is defined*

*under United States Code, title 2, section 431, paragraph (9).*

*Subd. 4. [CONGRESSIONAL CANDIDATE.] "Congressional candidate" means an individual who seeks nomination or election to the United States senate or house of representatives from this state and who is a "candidate" as that term is defined under United States Code, title 2, section 431, paragraph (2). A congressional candidate is not a "candidate" as defined in section 10A.01, subdivision 5.*

*Subd. 5. [CONTRIBUTION.] "Contribution" means a "contribution" as that term is defined under United States Code, title 2, section 431, paragraph (8).*

*Subd. 6. [POLITICAL COMMITTEE.] "Political committee" means a "political committee" as that term is defined under United States Code, title 2, section 431, paragraph (4). "Political committee" includes a major political party, a minor political party, a principal campaign committee, and an authorized committee.*

*Subd. 7. [PRINCIPAL CAMPAIGN COMMITTEE.] "Principal campaign committee" means a political committee designated and authorized by that congressional candidate under United States Code, title 2, section 432, subsection (e)(1).*

**Sec. 2. [10A.42] [LIMITATION ON APPLICATION.]**

*The provisions of sections 10A.11 to 10A.24 relating to the organization, registration, and administration of and reporting and disclosure by political funds and political committees, including principal campaign committees, do not apply to congressional candidates and authorized committees of congressional candidates. The organization, registration, and administration of and reporting and disclosure by authorized committees of congressional candidates are governed by United States Code, title 2, chapter 14.*

**Sec. 3. [10A.43] [PUBLIC SUBSIDY AGREEMENT.]**

*Subdivision 1. [PUBLIC SUBSIDY.] (a) The state treasurer shall pay a public subsidy to each congressional candidate of a major political party whose name will appear on the ballot in a general or special election, who has signed an agreement to limit campaign spending as provided in this section, and who is abiding by the agreement. A public subsidy is not payable to a congressional candidate whose name appears only on the ballot in a primary election, but a subsidy paid to a candidate in a general or special election may be used to pay expenses or retire debt incurred in the primary campaign.*

*(b) The amount of the subsidy is up to \$1,000,000 for a congressional candidate for the office of United States senator and up to \$100,000 for a congressional candidate for the office of representative in Congress. If the amount appropriated to pay these subsidies is insufficient to provide the maximum amount to each eligible candidate, the subsidy must be prorated among the eligible candidates so that each candidate for the house of representatives will receive one-tenth the amount given to each candidate for the senate.*

*Subd. 2. [AGREEMENT.] As a condition of receiving a public subsidy, a congressional candidate shall sign and file with the board a written agreement in which the candidate agrees that the aggregate of expenditures made by the authorized committees of the congressional candidate may*



*not exceed the spending limits in section 4. The spending limits apply only to congressional candidates who have agreed to be bound by the limits as a condition of receiving a public subsidy for their campaigns.*

*Subd. 3. [SUBMISSION OF AGREEMENT.] Before the first day of filing for office, the board shall forward agreement forms to all filing officers. The congressional candidate may sign an agreement and submit it to the filing officer on the day of filing an affidavit of candidacy or petition to appear on the ballot, in which case the filing officer shall without delay forward signed agreements to the board. Alternatively, for a general election the congressional candidate may submit the agreement directly to the board by the following September 1. An agreement may not be rescinded after that date. The board shall forward a copy of any agreement signed under this subdivision to the commissioner of revenue.*

*Subd. 4. [HOW LONG AGREEMENT IS EFFECTIVE.] The agreement, insofar as it relates to the expenditure limits in section 4, remains effective for congressional candidates until the termination of the authorized committees of the congressional candidate, as provided under United States Code, title 2, section 433(d), or the day filings open for the next succeeding election to the office held or sought at the time of agreement, whichever occurs first.*

**Sec. 4. [10A.44] [CONGRESSIONAL CAMPAIGN SPENDING LIMITS.]**

*Subdivision 1. [LIMITS.] In the ten months before and two months after an election is held for an office sought by a congressional candidate, no expenditures may be made by the authorized committees of that congressional candidate that result in an aggregate amount in excess of the following:*

- (1) for United States senator, \$3,000,000; and*
- (2) for representative in Congress, \$300,000.*

*A congressional candidate whose name will appear on the ballot in more than one general or special election in a year is subject to a separate spending limit for each election.*

*Subd. 2. [ADJUSTMENT BY CONSUMER PRICE INDEX.] (a) The dollar amounts provided in subdivision 1 must be adjusted for general election years as provided in this subdivision. 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 last 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 and any special elections for which filings open before a new limit is set. 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 1982 as a base year.*

*(b) The dollar amounts in subdivision 1 must be adjusted for the 1992 races for representative in Congress and the 1994 race for United States senate, and subsequent general elections for those offices in the manner provided in paragraph (a), except that the last general election year must be considered to be 1986 and the dollar amounts used for the last general*

*election year for the offices of United States senator and representative in Congress must be \$3,000,000 and \$300,000 respectively.*

*(c) By June 15 of each year, the board shall publish in the State Register the expenditure limit for each office for that calendar year as adjusted under this subdivision.*

*Subd. 3. [CONTESTED PRIMARY RACES.] Notwithstanding the limits imposed by subdivisions 1 and 2, the winning congressional candidate in a contested race in a primary who receives less than twice as many votes as any one of the candidate's opponents in that primary may make aggregate expenditures equal to 120 percent of the applicable amount under subdivisions 1 and 2.*

*Subd. 4. [POSTELECTION YEAR EXPENDITURES.] In any year following an election year for the office held or sought, the aggregate amount of expenditures on behalf of a congressional candidate for or holder of that office must not exceed 20 percent of the spending limit in subdivisions 1 and 2.*

*Subd. 5. [LIMITATION CONDITIONAL.] (a) The spending limits imposed by this section apply only to congressional candidates whose major political party opponents also agree to be bound by the limits.*

*(b) If a congressional candidate of a major political party agrees to be bound by the limits and has an opponent who is a congressional candidate of a major political party who is otherwise eligible to receive a subsidy, then:*

*(1) if the opponent agrees to be bound by the limits, both candidates are bound by the limits but neither may receive a public subsidy; and*

*(2) if the opponent does not agree to be bound by the limits, the congressional candidate is not bound by the limits but is still eligible to receive a public subsidy.*

#### **Sec. 5. [10A.45] [CONTRIBUTION AND LOAN LIMITS.]**

*Contributions by or to a congressional candidate and loans to a congressional candidate are governed by United States Code, title 2, chapter 14.*

#### **Sec. 6. [10A.46] [MULTICANDIDATE POLITICAL PARTY EXPENDITURES.]**

*Multicandidate political party expenditures with respect to congressional candidates are governed by United States Code, title 2, section 431, paragraph (9).*

#### **Sec. 7. [10A.47] [PENALTY FOR EXCEEDING LIMITS.]**

*Subdivision 1. [SPENDING LIMITS.] A congressional candidate subject to the spending limits in section 4 who permits the candidate's authorized committees to make aggregate expenditures on the candidate's behalf in excess of the limits imposed by section 4 is subject to a civil fine of up to four times the amount by which the expenditures exceed the limit.*

*Subd. 2. [CONTRIBUTION LIMITS.] A congressional candidate who permits the candidate's authorized committees to accept contributions in excess of the limits imposed under United States Code, title 2, chapter 14, is subject to the penalties imposed by United States Code, title 2, section 437g.*

*Subd. 3. [CONCILIATION AGREEMENTS.] If the board finds that there is reason to believe that excess expenditures have been made contrary to subdivision 1, the board shall make every effort for not less than 14 days after its finding to correct the matter by informal methods of conference and conciliation and to enter a conciliation agreement with the person involved. A conciliation agreement made under this subdivision is a matter of public record. Unless violated, a conciliation agreement bars any civil proceeding under subdivision 4.*

*Subd. 4. [CIVIL ACTION.] If the board is unable after a reasonable time to correct by informal methods any matter that constitutes probable cause to believe that excess expenditures have been made contrary to subdivision 1, the board shall make a public finding of probable cause in the matter. After making a public finding, the board shall bring an action or transmit the finding to a county attorney who shall bring an action to impose a civil fine as prescribed by the board under subdivision 1. An action filed against a congressional candidate for United States senator must be brought in the district court of Ramsey county. An action filed against a congressional candidate for representative in Congress may be brought in the district court of a county within the congressional candidate's congressional district or in the district court in Ramsey county. All money recovered under this section must be deposited in the state treasury and credited to the general fund.*

**Sec. 8. [10A.48] [MATCHING REQUIREMENTS.]**

*In order to be eligible to receive a public subsidy, a congressional candidate must provide evidence to the board of nonpublic contributions equal to the public subsidy. When a candidate submits an affidavit to the board showing nonpublic contributions equal to one-quarter of the public subsidy, that amount will be paid to the candidate. A candidate may receive the subsidy at any time during the calendar year in which the election is held, and may receive the subsidy in quarters, or in larger portions if the candidate submits an affidavit showing that a larger amount of nonpublic contributions has been made.*

**Sec. 9. [10A.49] [CERTIFICATION AND DISTRIBUTION.]**

*Subdivision 1. [CERTIFICATION OF ELIGIBLE CANDIDATES.] Within one week after certification by the state canvassing board of the results of the primary, the ethical practices board shall certify to the state treasurer the name of each congressional candidate who is eligible to receive a public subsidy.*

*Subd. 2. [DISTRIBUTION OF MONEY AFTER PRIMARY.] Within two weeks after certification by the state canvassing board of the results of the primary, the state treasurer shall pay a public subsidy to each congressional candidate who has signed an agreement as required under section 4 and is eligible to receive a public subsidy.*

**Sec. 10. [10A.50] [RETURN OF PUBLIC SUBSIDY.]**

*Subdivision 1. [WHEN REQUIRED.] A congressional candidate shall return all or a portion of the public subsidy received under the circumstances in this subdivision. To the extent that the public subsidy received exceeds the aggregate of actual expenditures made by the authorized committees of the congressional candidate, the treasurer of the congressional candidate's principal campaign committee shall return an amount equal to the difference to the board.*

*Subd. 2. [HOW RETURN DETERMINED.] Whether or not a congressional candidate is required under subdivision 1 to return all or a portion of the public subsidy received must be determined from the report required to be filed with the board by that congressional candidate by January 31 of the year following an election. Any amount required to be returned must be submitted in the form of a check or money order and must accompany the report filed with the board. The board shall forward the check or money order to the state treasurer for deposit in the general fund. The amount returned must not exceed the amount of public subsidy received by the congressional candidate.*

Sec. 11. [10A.51] [CAMPAIGN REPORTS.]

*A congressional candidate who agrees to be bound by the spending limits in section 4, as a condition of receiving a public subsidy for the candidate's campaign, shall file with the board copies of all reports that the candidate or the candidate's principal campaign committee treasurer acting for the candidate is required to file under United States Code, title 2, chapter 14. The reports must be filed with the board at the times required under United States Code, title 2, section 434.*

Sec. 12. [NO MORE THAN 40 PERCENT FROM PACS.]

*A congressional candidate may receive no more than 40 percent of campaign contributions in any calendar year from political committees as defined in United States Code, title 2, section 431, paragraph (4)(A) or (B).*

Sec. 13. [APPROPRIATION.]

*\$1,500,000 is appropriated from the general fund to the state treasurer to pay the public subsidies for congressional campaigns provided for by this act. This appropriation does not cancel and is available until expended.*

Sec. 14. [EFFECTIVE DATE.]

*This article is effective July 1, 1990.*

## ARTICLE 5

### OPEN MEETINGS OF THE LEGISLATURE

Section 1. [3.055] [OPEN MEETINGS.]

*Except as inconsistent with or otherwise provided in this section, meetings of the legislature are governed by section 471.705, including sessions of the senate, sessions of the house of representatives, joint sessions of the senate and the house of representatives, and meetings of a standing committee, committee division, subcommittee, conference committee, or legislative commission, but not including a caucus of the members of any of those bodies from the same house and political party nor a delegation of legislators representing a geographic area or political subdivision. For purposes of this section, a meeting occurs when a quorum is present and substantive discussion of matters within the jurisdiction of the body occurs or action is taken. Notice of the meeting must be provided in accordance with the rules of each house or the joint rules of both houses. Upon a complaint by any person that a member of the legislature has violated this section, the house of which the legislator is a member shall act on the complaint according to the rules of that house. If, after review, a committee of the house finds the complaint substantiated by the evidence, it shall recommend to the house appropriate disciplinary action. No court has*

*jurisdiction to adjudicate matters arising under this section.*

Sec. 2. Minnesota Statutes 1988, section 471.705, subdivision 1, is amended to read:

Subdivision 1. Except as otherwise expressly provided by statute, all meetings, including executive sessions, *of the legislature and* of any state agency, board, commission or department when required or permitted by law to transact public business in a meeting, and the governing body of any school district however organized, unorganized territory, county, city, town, or other public body, and of any committee, subcommittee, board, department or commission thereof, shall be open to the public, except meetings of the board of pardons and the commissioner of corrections. The votes of the members of such state agency, board, commission or department or of such governing body, committee, subcommittee, board, department or commission on any action taken in a meeting herein required to be open to the public shall be recorded in a journal kept for that purpose, which journal shall be open to the public during all normal business hours where such records are kept. The vote of each member shall be recorded on each appropriation of money, except for payments of judgments, claims and amounts fixed by statute. This section shall not apply to any state agency, board, or commission when exercising quasi-judicial functions involving disciplinary proceedings.

## ARTICLE 6

### MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 1988, section 204B.09, subdivision 1, is amended to read:

Subdivision 1. [CANDIDATES IN STATE AND COUNTY GENERAL ELECTIONS.] Except as otherwise provided by this subdivision, affidavits of candidacy and nominating petitions for county, state and federal offices filled at the state general election shall be filed not more than 70 days nor less than 56 days before the state primary. *The affidavit may be prepared and signed at any time between 60 days before the filing period opens and the last day of the filing period.* Candidates for presidential electors may file petitions on or before the state primary day. Nominating petitions to fill vacancies in nominations shall be filed as provided in section 204B.13. No affidavit or petition shall be accepted later than 5:00 p.m. on the last day for filing. Affidavits and petitions for offices to be voted on in only one county shall be filed with the county auditor of that county. Affidavits and petitions for offices to be voted on in more than one county shall be filed with the secretary of state.

Sec. 2. [204D.165] [SAMPLE BALLOTS TO SCHOOLS.]

*Notwithstanding any contrary provisions in section 204D.09 or 204D.16, the county auditor, two weeks before the applicable primary or general election, shall provide one copy of the sample partisan primary, nonpartisan primary, canary, white, or pink ballot to a school district upon request. The school district may have the sample ballots reproduced at its expense for classroom educational purposes.*

Sec. 3. Minnesota Statutes 1988, section 383B.055, subdivision 1, is amended to read:

Subdivision 1. The state ethical practices board shall:

(a) Develop forms for all statements and reports required to be filed under sections 383B.041 to 383B.054 and furnish the forms to the county filing officer in Hennepin county;

(b) (1) issue and publish advisory opinions concerning the requirements of sections 383B.041 to 383B.057 upon application in writing by the county filing officer of Hennepin county or any individual or association who wishes to use the opinion to guide the applicant's own conduct; and

(c) (2) exempt any individual or association required to disclose information under sections 383B.046 to 383B.05 from any requirement of those sections in the same manner as it exempts any individual or association from disclosure requirements under chapter 10A. An individual or association exempted from the disclosure provisions of chapter 10A, shall also be exempt from the disclosure provisions of sections 383B.046 to 383B.05.

Sec. 4. Minnesota Statutes 1988, section 383B.055, subdivision 2, is amended to read:

Subd. 2. *The county filing officer of Hennepin county shall develop forms for all statements and reports required to be filed under sections 383B.041 to 383B.054. The filing officer shall furnish sufficient copies of the forms provided by the ethical practices board to all officers with whom candidates file affidavits or applications of candidacy and nominating petitions.*

Delete the title and insert:

"A bill for an act relating to elections; requiring local officials and public employees to file disclosures of economic interest; limiting campaign expenditures by congressional candidates who choose to receive a public subsidy for their campaigns; clarifying and modifying certain exceptions to multicandidate political party expenditure limitations; expanding certain reports by certain political committees and political funds; discontinuing the state ethical practices board's responsibility for developing and furnishing certain forms; limiting contributions and solicitations during a regular legislative session; requiring itemization of noncampaign disbursements over \$100; requiring disclosure of specific purpose of campaign expenditures and noncampaign disbursements; requiring the dissolution of inactive political committees and funds; providing a public subsidy for legislative candidates in special elections; requiring candidates to match funds received from the state elections campaign fund; providing a schedule for distribution of political campaign checkoff money to political parties; requiring county auditors to provide a sample ballot for classroom use; specifying a time period for preparing a candidate's affidavit; applying the open meeting law to the legislature; providing penalties; appropriating money; amending Minnesota Statutes 1988, sections 10A.01, subdivisions 7, 10b, 10c, and by adding subdivisions; 10A.02, by adding a subdivision; 10A.04, subdivisions 2 and 4a; 10A.06; 10A.07; 10A.09, subdivision 2, and by adding subdivisions; 10A.18; 10A.19, subdivision 1; 10A.20, subdivisions 3, 5, and by adding subdivisions; 10A.22, subdivision 7, and by adding a subdivision; 10A.24; 10A.241; 10A.25, subdivision 5, 10, and by adding a subdivision; 10A.255, by adding a subdivision; 10A.27, subdivisions 1 and 4; 10A.275; 10A.28, subdivision 1; 10A.30, subdivision 2; 204B.09, subdivision 1; 211A.07; 383B.055, subdivisions 1 and 2; 471.705, subdivision 1; Minnesota Statutes 1989 Supplement, section 10A.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3; 10A; and 204D; repealing Minnesota Statutes 1988, sections 10A.32,

subdivisions 1, 2, 3, and 4; 10A.33; and Minnesota Statutes 1989 Supplement, section 10A.32, subdivision 3a.”

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. 2037: A bill for an act relating to agriculture; changing the definition of farm products; changing provisions related to wholesale produce dealers; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 17.14, subdivision 3; 27.01, subdivisions 2, 5, 8, and by adding a subdivision; 27.03, subdivision 1, and by adding subdivisions; 27.04; 27.041; 27.05; 27.06; and 27.19; proposing coding for new law in Minnesota Statutes, chapter 27.

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

Page 1, lines 14 and 21, strike “The term”

Page 2, line 3, before the period, insert “*if the due date is not specified in the contract. For purposes of this definition a signed invoice with a due date is a contract*”

Page 3, line 3, strike “produce defined”

Page 3, line 4, strike “in subdivision 2, clause” and delete “(1)” and insert “*perishable fresh fruits and vegetables*”

Page 3, line 6, delete “*personal or business check*” and insert “*bank draft*”

Page 3, line 8, before “processed” insert “or”

Page 3, delete line 9 and insert “~~which~~ *that are no longer deemed to be perishable as determined by the commissioner by rule; or*”

Page 3, line 16, after the first “the” insert “*person is the*” and delete “*producing*” and insert “*produces*”

Page 4, line 14, delete “(a)”

Page 4, delete lines 24 and 25

Page 4, delete lines 29 to 32 and insert:

“*Subdivision 1. [ISSUANCE.] The commissioner shall issue a wholesale produce dealer's license to engage in the business of a dealer at wholesale within the state shall be issued by the commissioner to such reputable persons as apply therefor submitting an application, pay paying the prescribed fee, and comply complying with the conditions herein specified in this section.*”

Page 4, line 33, before the first “The” insert “*Subd. 2. [APPLICATION CONTENTS.] (a)*” and strike “shall” and insert “*must*”

Page 4, line 34, strike “and under oath” and strike “shall set forth” and insert “*state*”

(1)”

Page 4, line 36, strike the comma and insert “:

(2)”

Page 5, line 1, strike the comma and insert “;

(3)”

Page 5, line 2, strike the first comma and strike the second comma and insert “;

(4)”

Page 5, line 3, strike everything after “firm” and insert “*for a partnership, and for a corporation*”

Page 5, line 5, strike “, if a corporation, and” and insert “;

(5)”

Page 5, line 7, delete the comma and insert “;

(6)”

Page 5, line 8, delete the comma and insert “;

(7)”

Page 5, line 10, delete the first comma and insert “;

(8)”

Page 5, line 13, delete the comma and insert a semicolon and after “*and*” insert:

“(9)”

Page 5, line 15, before “*If*” insert:

“(b)”

Page 5, line 16, delete “*that*” and insert “*the*”

Page 5, line 17, delete everything after “*be*” and insert “*filed with the commissioner.*”

Page 5, line 18, before “*Financial*” insert “(c)”

Page 5, line 22, before “Applications” insert “*Subd. 3. [FILING.]*”

Page 5, line 23, strike everything after the period

Page 5, strike lines 24 to 36

Page 6, strike lines 1 to 4

Page 6, after line 4, insert:

“Sec. 10. [27.0405] [INVESTIGATIONS.]

*Subdivision 1. [PRODUCTION AND REVIEW OF INFORMATION.]*

*(a) Upon special order, the commissioner may require persons engaged in the business of a dealer at wholesale to file at the time and in the manner the commissioner directs, sworn or unsworn reports or answers in writing to specific questions on any matter which the commissioner may investigate.*

*(b) For the purposes of this section, the commissioner or the commissioner's authorized agents may audit and review any records relating to the financial condition of any dealer at wholesale and any transactions between the dealer and persons entitled to the protections of this chapter, if the records are in the possession of or under the case, custody, or control*



*of the dealer or the dealer's authorized agent.*

*Subd. 2. [FALSE AND INCOMPLETE INFORMATION.] A person may not willfully make any false entries or statements or fail to make full and true entries and statements in a report, answer required, or document demanded under this chapter.*

*Subd. 3. [PRESERVATION OF DOCUMENTS.] A person may not remove from the state, mutilate, or alter a document relevant to an investigation, hearing, or proceeding conducted under chapter 27."*

Page 7, after line 2, insert:

*"Subd. 1a. [ADDITIONAL BONDS.] (a) The commissioner, after determining a bond given by a licensee is inadequate for the proper protection of the public, may require the licensee to give additional bonds in amounts as determined by the commissioner, with sureties to be approved by the commissioner, and conditioned as provided in section 27.041.*

*(b) To set or change the amount of a bond, the commissioner may require a licensee to provide verified statements of the licensee's business.*

*(c) Failure of the licensee to furnish the information or to give a new or additional bond is cause for:*

*(1) suspension of the licensee's license for as long as the failure continues; or*

*(2) revocation of the license, on ten days' notice to the licensee and opportunity to be heard.*

*(d) If the commissioner determines it is in the public's interest the commissioner may suspend the license after giving notice and holding a hearing."*

Page 8, delete lines 6 to 12

Page 8, line 13, delete "(g)" and insert "(f)"

Pages 8 to 10, delete sections 11 and 12

Page 10, line 18, strike the first "Any" and insert "A" and strike the second "any" and insert "a"

Page 10, line 19, strike ", as herein provided,"

Page 10, line 20, strike "enter" and insert "submit a" and strike "thereof"

Page 10, line 21, strike ", which" and insert ". The" and strike "shall" and insert "must"

Page 10, line 22, strike "Upon filing the" and insert "After receiving a filed"

Page 10, line 23, strike "in the manner herein provided"

Page 10, line 30, delete "one" and insert "a hearing"

Page 10, after line 30, insert:

"Sec. 13. [27.131] [MEDIATION AND ARBITRATION.]

*A contract for produce between a buyer and a seller must contain language providing for resolution of contract disputes by either mediation or arbitration. If there is a contract dispute, either party may make a written request to the department for mediation or arbitration, as specified in the contract to facilitate resolution of the dispute."*

Page 10, line 31, delete “[27.065]” and insert “[27.133]”

Page 11, line 5, delete “UNLAWFUL” and insert “PROHIBITED” and delete “*It is unlawful for a*”

Page 11, line 6, before “person” insert “(a) A”

Page 11, line 7, delete “to” and insert “*may not*”

Page 11, line 13, strike “so as” and strike “the” and insert “a” and strike “thereof”

Page 11, line 14, strike “any” and insert “a”

Page 11, lines 15 and 17, strike “such” and insert “*the*”

Page 11, line 20, after “account” insert “*or make a settlement*” and strike “or to make settlement”

Page 11, delete line 21 and insert “~~therefor~~ within the *required time herein limited; or who shall*

(5) violate or”

Page 11, line 22, strike “any” and insert “a”

Page 11, line 25, strike “(5)” and insert “(6)” and strike “the” and insert “a”

Page 11, line 28, strike “(6)” and insert “(7)” and strike “any” and insert “a” and strike “quotations” and insert “*quotation*”

Page 11, line 29, strike “any quotations” and insert “*a quotation*”

Page 11, line 31, strike “(7)” and insert “(8)”

Page 11, line 33, strike “(8)” and insert “(9)”

Page 11, line 35, strike “without” and insert “*outside of*”

Page 12, line 2, strike “(9)”

Page 12, line 18, before “*fail*” insert “(10)”

Page 12, line 20, delete “*the following*” and delete the semicolon and insert a comma

Page 12, line 21, delete the first semicolon and insert a comma

Page 12, line 22, delete “(10)” and insert “(11)” and delete “any” and insert “a”

Page 12, after line 24, insert:

“(12) *commit to pay and not pay in full for all produce committed for; or*”

Page 12, line 25, delete “(11)” and insert “(13)”

Page 12, line 30, delete the period and insert “and”

Page 12, line 34, delete “; or” and insert a period

Page 12, delete lines 35 and 36 and insert:

“(b) *A separate violation occurs with respect to each different person involved, each purchase or transaction involved, and each false statement.*”

Page 13, line 1, delete “PENALTIES” and insert “CIVIL PENALTY”

and after "violates" insert "a provision of"

Page 13, line 2, delete "may be assessed" and insert "is subject to"

Page 13, line 3, before "In" insert:

"(b)"

Page 13, after line 6, insert:

"(c) A civil penalty amount received by the commissioner under this section must be deposited in the wholesale produce dealer account."

Page 13, line 7, delete "(b)" and insert "Subd. 3. [CRIMINAL PENALTY.] (a)" and after "violates" insert "a provision of"

Page 13, line 8, before "Upon" insert:

"(b)"

Page 13, delete lines 17 to 19

Page 13, line 20, delete "3" and insert "4" and before the first "The" insert "(a)"

Page 13, line 24, delete "any"

Page 13, line 25, delete "or" and insert "and"

Page 13, line 27, before "The" insert:

"(b)"

Page 13, line 34, delete "A civil"

Page 13, delete lines 35 and 36

Page 14, line 1, delete "4" and insert "5"

Page 14, delete lines 10 to 19 and insert:

"Sec. 16. [127.137] [WHOLESALE PRODUCE DEALERS' TRUST.]

*Subdivision 1. [ESTABLISHMENT.] (a) To satisfy outstanding obligations to unpaid sellers, wholesale produce dealers shall maintain certain assets in trust so that the assets are freely available to satisfy outstanding obligations.*

*(b) The trust is made up of produce received in all transactions, all inventories of produce or other products derived from the produce, and all receivables or proceeds from the sale of the produce and food or products derived from it. Trust assets are to be preserved as a nonsegregated floating trust. Commingling of trust assets is contemplated.*

*Subd. 2. [TRUST BENEFITS.] (a) If a seller who has met the eligibility requirements of the due date, as defined in section 27.01, transfers ownership, possession, or control of goods to a wholesale produce dealer, it automatically becomes eligible to participate in the trust. Participants who preserve their rights to benefits within 40 days past the due date remain beneficiaries until they are paid in full.*

*(b) Wholesale produce dealers acting on behalf of others have the duty to preserve their principals' rights to trust benefits by filing timely written notice with their customers and with the commissioner within 40 days past the due date.*

*Subd. 3. [FILING NOTICE OF INTENT TO PRESERVE TRUST BENEFITS.] Notice of intent to preserve benefits under a trust must be in writing, given to the debtor, and filed with the commissioner within 40 days after the due date. Timely filing of a notice of intent to preserve trust benefits by a trust beneficiary has been made if written notice is given to the debtor and filed with the commissioner within 40 days after the due date. An appropriate notice of intent to preserve trust benefits must be in writing, must include the statement that it is a notice of intent to preserve trust benefits, and must include information establishing for each shipment: (1) the names and addresses of the trust beneficiary, seller, and debtor, as applicable; (2) the date of the transaction commodity, contract terms, invoice price, and the date payment was due; (3) the date of receipt of notice that a payment instrument has been dishonored, if appropriate; and (4) the amount past due and unpaid.*

Sec. 17. [APPROPRIATION.]

*\$15,000 is appropriated from the general fund to the commissioner of agriculture to administer and enforce sections 27.001 to 27.06, and sections 27.11 to 27.19.*

Sec. 18. [REPEALER.]

*Minnesota Statutes 1988, section 27.05, is repealed."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "changing" and insert "amending"

Page 1, line 4, after the semicolon, insert "imposing fees; providing for a wholesale dealers' trust; requiring mediation and arbitration in certain produce contracts; providing parent company liability; authorizing seizure of vehicles;"

Page 1, line 8, delete "27.05;"

Page 1, line 10, delete "chapter 27" and insert "chapters 27 and 127; repealing Minnesota Statutes 1988, section 27.05"

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. 2126: A bill for an act relating to health; providing regulations for bulk pesticide storage; amending provisions relating to pesticide registration fees and application fees; requiring permits for sources of irrigation water; requiring a permit for construction of a fertilizer distribution facility; requiring a responsible party to immediately take reasonable action necessary to abate an agricultural chemical incident; requiring certain administrative hearings on contested orders within 14 days; crediting certain agricultural penalties to the pesticide or fertilizer regulatory accounts; amending provisions relating to the agricultural chemical response and reimbursement fee; appropriating money from the general fund to be reimbursed with response and reimbursement fees; amending provisions relating to response and reimbursement eligibility; providing commissioner of agriculture authority under chapter 115B for agricultural chemical incidents;

clarifying requirements for water well construction and ownership; clarifying provisions for at-grade monitoring wells; establishing reduced isolation distances for facilities with safeguards; clarifying conditions to issue a limited well contractor's license; amending effective dates; amending appropriations; amending Minnesota Statutes 1988, sections 18B.14, subdivision 2; 18B.27, subdivision 3; 18B.28, subdivision 4; 105.37, by adding a subdivision; 105.41, subdivision 4, and by adding a subdivision; 115B.02, subdivisions 3, 4, and by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 18B.26, subdivision 3; 18C.205, subdivision 2; 18C.305, subdivision 1; 18D.103, subdivision 1; 18D.321, subdivision 2; 18E.03, subdivisions 3, 5, and by adding a subdivision; 18E.04, subdivision 1; 103B.3369, subdivision 5; 103I.005, subdivisions 2, 8, 9, 16, and by adding a subdivision; 103I.101, subdivisions 2, 5, and 6; 103I.111, subdivision 5, and by adding a subdivision; 103I.205, subdivisions 1, 2, 4, 5, 6, and 8; 103I.208, subdivision 2; 103I.235; 103I.301, subdivision 3; 103I.311, subdivision 3; 103I.325, subdivision 2; 103I.525, subdivisions 1, 5, and 6; 103I.531, subdivision 4; 103I.541, subdivision 1, and by adding subdivisions; 103I.681; 103I.685; 103I.691; 103I.705, subdivisions 2 and 3; 105.41, subdivisions 1c and 5a; Laws 1989, chapters 326, article 3, section 49; article 6, section 33, subdivision 2; article 8, section 10; and 335, article 1, section 23, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 18D and 103I; repealing Minnesota Statutes 1988, section 115B.17, subdivision 8; Minnesota Statutes 1989 Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; and 103I.325, subdivision 1.

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

Page 2, line 22, after the period, insert *"An application for a facility that includes both fertilizers as regulated under chapter 18C and bulk pesticides as regulated under this chapter shall pay only one application fee of \$100."*

Page 2, line 38, after the period, insert *"An application for a facility that includes both fertilizers regulated under chapter 18C and bulk pesticides regulated under this chapter shall pay only one application fee of \$50."*

Page 3, line 2, delete everything after the period

Page 3, delete lines 3 and 4

Page 3, line 5, delete everything before *"The"*

Page 3, line 12, after *"for"* insert *"calendar year"*

Page 3, line 14, after *"state"* insert *"and annual gross sales of pesticides used in the state"* and before the period, insert *"plus an additional one-tenth of one percent for each pesticide for which the United States Environmental Protection Agency, Office of Water, has published a Health Advisory Summary by December 1 of the previous year"* and after the period, insert *"The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by*

*the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors."*

Page 3, line 16, strike "in quarterly installments" and strike "30"

Page 3, line 17, strike everything before "based" and insert "*March 1*"

Page 3, line 19, strike "quarter" and insert "*year*"

Page 3, line 22, strike "July 1," and insert "*calendar year*"

Page 3, line 24, before the period, insert "*, and the additional amount collected for pesticides with Health Advisory Summaries shall be credited to the agricultural project utilization account under section 116O.13 to be used for pesticide use reduction grants by the agricultural utilization research institute*"

Page 6, after line 12, insert:

"Sec. 11. Minnesota Statutes 1989 Supplement, section 18E.03, subdivision 4, is amended to read:

Subd. 4. [FEE THROUGH 1990.] (a) The response and reimbursement fee consists of the surcharge fees in this subdivision *for calendar year 1990 and shall be collected until ~~December 31, 1990~~ March 1, 1991.*

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration application fee under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state *and sales of pesticides for use in the state during the ~~previous~~ calendar ~~quarter~~ year 1990*, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. *The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale location and the distributors.*

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the license application of persons licensed under chapters 18B and 18C consisting of:

(1) a \$150 surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5;

(2) a \$150 surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under sections 18C.415 and 18C.425;

(3) a \$50 surcharge to be imposed on a structural pest control applicator

license application under section 18B.32, subdivision 6, for business license applications only;

(4) a \$20 surcharge to be imposed on commercial applicator license application fees under section 18B.33, subdivision 7;

(5) a \$20 surcharge to be imposed on noncommercial applicator license application fees under section 18B.34, subdivision 5, except a surcharge may not be imposed on a noncommercial applicator that is a state agency, political subdivision of the state, the federal government, or an agency of the federal government; and

(6) a \$50 surcharge for licensed lawn service applicators under chapter 18B or 18C, to be imposed on license application fees.

(e) If a person has more than one license for a site, only one surcharge may be imposed to cover all the licenses for the site.

*(f) A \$1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:*

*(1) the distributor properly documents that it has less than \$2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or*

*(2) the registrant pays the surcharge under paragraph (b) for all of the pesticides stored and sold for use outside of the state."*

Page 6, line 16, after "fee" insert "*for calendar years*" and strike "December 31," and insert "*calendar year*" and strike the comma

Page 6, line 26, after the first "of" insert "*gross*"

Page 6, line 27, after the first "state" insert "*and sales of the pesticide*" and strike "quarter" and insert "*year*"

Page 6, line 29, after the period, insert "*The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale locations and the distributors.*"

Page 7, after line 21, insert:

*"(f) A \$1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:*

*(1) the distributor properly documents that it has less than \$2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or*

*(2) the registrant pays the surcharge under paragraph (b) for all of the pesticides stored and sold for use outside of the state."*

Page 8, line 8, after "orders" insert "*if*"

Page 10, lines 2 and 24, after "constructing" insert "*, repairing, and*

sealing”

Page 21, line 24, before “license” insert “dewatering limited”

Page 21, line 25, before “prior” insert “lack of”

Page 29, line 6, strike “subdivision 1c” and insert “section 105.37, subdivision 19”

Page 30, after line 6, insert:

“Sec. 58. Minnesota Statutes 1989 Supplement, section 115B.20, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] (a) The environmental response, compensation, and compliance account is in the environmental fund in the state treasury and may be spent only for the purposes provided in subdivision 2.

(b) The commissioner of finance shall administer a response account ~~in the fund~~ for the agency and the commissioner of agriculture to take removal, response, and other actions authorized under subdivision 2, clauses (1) to (4) and (11) to (13). The commissioner of finance shall ~~allocate~~ transfer money from the response account to the agency and the commissioner of agriculture to take actions required under subdivision 2, clauses (1) to (4) and (11) to (13).

(c) The commissioner of finance shall administer the account in a manner that allows the commissioner of agriculture and the agency to utilize the money in the account to implement their removal and remedial action duties as effectively as possible.

(d) Amounts appropriated to the commissioner of finance under this subdivision shall not be included in the department of finance budget but shall be included in the pollution control agency and department of agriculture budgets.”

Page 31, delete lines 41 to 43

Page 32, delete lines 1 to 47 and insert:

“Of the amount appropriated from the environmental response fund, \$55,000 the first year and \$55,000 the second year is appropriated to the commissioner of agriculture for two positions to administer agricultural chemical superfund site activities. The appropriation the first year does not cancel and is available for the second year.

All money in the environmental response, compensation, and compliance fund not otherwise appropriated, is appropriated to the commissioner of finance for transfer to the pollution control agency ~~for the purposes described in the environmental response and liability act, Minnesota Statutes, section 115B.20, subdivision 2, paragraphs (a), (b), (c), and (d) and the commissioner of agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2),~~



(3), (4), (11), (12), and (13). This appropriation is available until June 30, 1991.

All money in the metropolitan landfill abatement fund not otherwise appropriated is appropriated to the pollution control agency for payment to the metropolitan council and may be used by the council for the purposes of Minnesota Statutes, section 473.844. The council may not spend the money until the legislative commission on waste management has made its recommendations on the budget and work program submitted by the council.

\$1,000,000 the first year and \$1,500,000 the second year are appropriated from the general fund for transfer to the environmental response, compensation, and compliance fund.

Any unencumbered balance from the metropolitan landfill contingency fund remaining in fiscal year 1990 does not cancel but is available for fiscal year 1991.

Sec. 63. [BOND WAIVER.]

*Until December 31, 1991, the commissioner may waive the bond requirement for licensure under section 1031.525, subdivision 5, or 1031.531, subdivision 5, if the commissioner determines that a well contractor or limited well contractor has made a good faith effort to obtain a bond from more than one company, and the bond cannot be obtained because of insufficient net worth or inadequate liquid assets as determined by the bond company, and the well contractor or limited well contractor complies with all other requirements for licensure under the provisions of this chapter."*

Page 33, line 7, delete everything after "executed"

Page 33, line 8, delete everything before "shall" and insert "before July 1, 1989,"

Page 33, line 14, after "1" insert " ; and 1031.533"

Page 33, after line 14, insert:

"Sec. 68. [APPROPRIATION; AGRICULTURE LEGAL COSTS.]

*\$75,000 is appropriated from the environmental account to the commissioner of agriculture to pay for legal costs relating to responses to agricultural incidents."*

Page 33, line 16, delete "13" and insert "12 and 14" and after the period, insert "Section 13 is effective July 1, 1991." and delete "14" and insert "15"

Page 33, line 17, delete everything before "are" and insert "to 58 and 60 to 67"

Page 33, line 18, delete "57" and insert "59"

Page 33, line 20, delete "16" and insert "17"

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 13, after "the" insert "registration surcharge and the"

Page 1, line 35, after "3," insert "4,"

Page 2, line 1, after the first semicolon, insert "115B.20, subdivision 1;"

Page 2, line 9, delete "and" and before the period, insert " ; and 103I.533"

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

### **SECOND READING OF SENATE BILLS**

S.F. Nos. 2037 and 2126 were read the second time.

### **SECOND READING OF HOUSE BILLS**

H.F. No. 2666 was read the second time.

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

Mr. Spear moved that S.F. No. 1759, No. 46 on General Orders, be stricken and laid on the table. The motion prevailed.

### **RECONSIDERATION**

Mr. Freeman moved that the vote whereby H.F. No. 2704 was passed by the Senate on April 4, 1990, be now reconsidered. The motion prevailed.

Mr. Freeman moved that H.F. No. 2704 be laid on the table. The motion prevailed.

Mr. Berg moved that S.F. No. 2230, No. 13 on General Orders, be stricken and returned to its author. The motion prevailed.

Mr. Berg moved that S.F. No. 2239, No. 5 on General Orders, be stricken and returned to its author. The motion prevailed.

### **MEMBERS EXCUSED**

Mr. Chmielewski was excused from the Session of today from 1:30 to 2:15 p.m. Mr. Frederickson, D.J. was excused from the Session of today from 1:30 to 1:40 p.m. Ms. Berglin was excused from the Session of today from 2:00 to 4:45 p.m. Ms. Piper was excused from the Session of today from 3:10 to 4:20 p.m. Ms. Reichgott was excused from the Session of today from 4:20 to 5:20 p.m.

### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Friday, April 6, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## EIGHTY-SIXTH DAY

St. Paul, Minnesota, Friday, April 6, 1990

The Senate met at 10:00 a.m. and was called to order by the President.

### CALL OF THE SENATE

Mrs. Adkins 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. Richard Keene Smith.

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

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

The President declared a quorum present.

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

### REPORTS FILED WITH THE SECRETARY OF THE SENATE

The following reports were received and filed by the Secretary of the Senate: Board of Governors, Big Island Veterans Camp, Financial Statements, 1989; Board of Governors, Big Island Veterans Camp, Annual Report, 1989; Department of Public Safety, Evaluation of Mandatory Plate Impoundment, 1990; Department of Administration, Study of Discrimination Against Women- and Minority-Owned Businesses; Metropolitan Council, First Annual Contingency Assessment, Major Airport Strategy, 1990; Metropolitan Council, Major Airport Planning Activities, Annual Report, 1989; Department of Finance, Feasibility Study for Assistance to Persons Entering or Reentering Farming through Seller-participation Contract for Deed, 1990; Animal Population Control Study Commission, 1990; Department of Agriculture, Agricultural Land Preservation Program, Status Report, 1989; Department of Revenue, Tax Research Division, Study of

Farm Class Rates, 1990; Metropolitan Council, Metropolitan Long-Range Aviation Forecasts, Assumptions, and Methodologies, 1990; Metropolitan Council, Working Paper on Major Airport Long Term Aviation Goals, 1990; Metropolitan Council, Procurement and Contract Awards to Socially and Economically Disadvantaged (SED) Businesses, 1989; Metropolitan Council, Procurement and Contract Awards to Economically Disadvantaged Businesses (EDBs), 1989; Department of Agriculture, Minnesota Farm Advocate Program, Legislative Activity Report, 1990; Metropolitan Airports Commission, Procurement and Contract Awards to Economically Disadvantaged Businesses (EDBs), 1989; Metropolitan Airports Commission, Procurement and Contract Awards to Economically Disadvantaged (SED) Businesses, 1989; Office of the Legislative Auditor, Annual Report, 1989; Regional Transit Board, Light Rail Transit Regional Development and Financial Plan, 1990; Ethical Practices Board, Annual Report, 1989; Department of Natural Resources, Division of Waters, Consumptive Water Use Study, 1990; Department of Administration, Management Analysis Division, Potential Consolidation of State Aircraft Fleets, 1990; Harmful Substance Compensation Board, Annual Report, 1989; Mpls. Employees Retirement Fund, Comprehensive Annual Financial Report, 1989; Office of the State Auditor, Revenues, Expenditures and Debt of the Towns in Minnesota, 1989; Department of Human Services, Summary of Minnesota Public Assistance Trends, 1989; Department of Agriculture, Facilities Planning Criteria and Building Site Selection, 1990; Regional Transit Board, Procurement and Contract Awards to Socially and Economically Disadvantaged (SED) Businesses, 1989; Regional Transit Board, Procurement and Contract Awards to Economically Disadvantaged Businesses (EDBs), 1989; Regional Transit Board, Methods to Improve the Delivery of Transportation Services for Persons Who are Elderly and Disabled, 1990; Metropolitan Mosquito Control District, Procurement and Contract Awards to Socially and Economically Disadvantaged (SED) Businesses, 1989; State Planning Agency, An Evaluation of the SEARCH Program, 1990; Department of Health, Review of Statutes Regarding Nursing Home Licensure: Revoking Licenses and Barring Controlling Persons and Managerial Employees, 1990; Department of Jobs and Training, Temporary Housing Demonstration Program, Annual Report, 1989; Department of Employee Relations, Metropolitan Agencies Affirmative Action Report, 1990; Department of Health, A Review of the Inspection Activity in Hospitals and Nursing Homes: Recommendations for the Coordination of Inspections in Hospitals and Nursing Homes, 1990; Department of Administration, Access '92, Status Report, 1990; Department of Trade and Economic Development, Office of Science and Technology, Annual Report, 1990; Department of Agriculture, Weather Modification Activities, 1989; Office of the State Auditor, Revenues, Expenditures and Debt of Minnesota Counties, 1988; Metropolitan Transit Commission, Procurement and Contract Awards to Socially and Economically Disadvantaged Businesses (SED), 1989; Metropolitan Transit Commission, Procurement and Contract Awards to Economically Disadvantaged Businesses (EDBs), 1989; Department of Finance, Actions Taken by the Legislative Advisory Commission, 1989-90; Department of Health and the Department of Human Services, Study of the Licensing Options for Supportive Services in Residential Settings, 1990.

#### **CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Langseth moved that the following members be excused for a Conference Committee on S.F. No. 2617 at 10:00 a.m.:

Messrs. Berg, Mehrkens, Metzen, Purfeerst and Langseth. The motion prevailed.

#### **CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Samuelson moved that the following members be excused for a Conference Committee on S.F. No. 2621 at 11:00 a.m.:

Mses. Berglin, Piper, Messrs. Knutson, Solon and Samuelson. 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. 2478 at 10:00 a.m.:

Messrs. Pogemiller, Novak, Stumpf, Belanger and Johnson, D.J. The motion prevailed.

#### **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. 2200 at 10:00 a.m.:

Messrs. Brandl, Dicklich, Pehler, Ms. Reichgott and Mr. Peterson, R.W. The motion prevailed.

#### **EXECUTIVE AND OFFICIAL COMMUNICATIONS**

The following communications were received.

April 4, 1990

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. 2432.

Sincerely,  
Rudy Perpich, Governor

April 5, 1990

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. 2370.

Sincerely,  
Rudy Perpich, Governor

April 6, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
	1067	393	2115 hours April 4	April 5
	2018	395	2152 hours April 4	April 5
	1785	396	2154 hours April 4	April 5
	2084	401	2156 hours April 4	April 5
2432		402	2158 hours April 4	April 5
	2059	410	2200 hours April 4	April 5

Sincerely,  
Joan Anderson Growe  
Secretary of State

### 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. 1670: A bill for an act relating to natural resources; prohibiting transportation of Eurasian water milfoil; providing exceptions; providing penalties for not removing Eurasian water milfoil from watercraft; providing penalties; amending Minnesota Statutes 1988, section 361.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 18.

There has been appointed as such committee on the part of the House: Skoglund, Abrams and Munger.

Senate File No. 1670 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1990

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. 1743: A bill for an act relating to telephone service; regulating the installation of extended area service in exchanges; requiring the expansion of the metropolitan extended area telephone service, under some circumstances; proposing coding for new law in Minnesota Statutes, chapter 237.

There has been appointed as such committee on the part of the House: Jacobs, Lasley and Vanasek.

Senate File No. 1743 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1990

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. 1942: A bill for an act relating to insurance; making changes in arbitration proceedings concerning no-fault automobile insurance; amending Minnesota Statutes 1988, section 65B.525, by adding a subdivision; and Minnesota Statutes 1989 Supplement, section 72A.327.

There has been appointed as such committee on the part of the House: Winter, Skoglund and Onnen.

Senate File No. 1942 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1990

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. 2130: A bill for an act relating to insurance; regulating the practices and record keeping of, and disclosures by, public adjusters; amending Minnesota Statutes 1988, section 72B.135, by adding subdivisions.

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

Senate File No. 2130 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1990

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2651:

H.F. No. 2651: A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature, with certain conditions; authorizing issuance of state bonds; authorizing the commissioner of finance to make certain covenants to the purchasers of certain bonds or certificates of indebtedness; requiring identification of certain accounts; providing for the reduction and cancellation of certain bond sale authorizations; approving capital loans to certain school districts; not approving capital loans to certain school districts; authorizing certain lease-purchase, lease with option to buy, and rental arrangements by the commissioner of administration; appropriating money; amending Minnesota Statutes 1988, sections 16A.641, subdivision 6; 16A.672, by adding a subdivision; 16B.24, subdivisions 5 and 6; 116.18, subdivision 3d; 136.62, by adding a subdivision; 136A.28, subdivisions 3 and 7; 136C.04, subdivision 4; Minnesota Statutes 1989 Supplement, sections 16A.631; 16A.641, subdivision 7; 16A.69, subdivision 1; 16B.335, subdivision 2; Laws 1979, chapter 280, section 2, as amended; Laws 1989, chapter 329, article 5, section 21, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 124; repealing Minnesota Statutes 1988, section 16A.651.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Anderson, G.; Carlson, L.; Battaglia; Rice and Anderson, R. have been appointed as such committee on the part of the House.

House File No. 2651 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 5, 1990

Mr. Freeman moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2651, 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. 2419:

H.F. No. 2419: A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; consolidating certain funds and accounts and making



conforming changes; changing the organization, operation, financing, and management of certain courts and related offices; amending Minnesota Statutes 1988, sections 2.722, subdivision 1; 3C.035, subdivision 3; 3C.11, subdivision 2; 5.13; 11A.07, subdivision 5; 14.07, subdivisions 1 and 2; 14.08; 14.26; 14.53; 15.054; 15.06, subdivision 1; 15.51; 15.52, subdivisions 2 and 3; 15.53, subdivision 1; 15.56, subdivision 5; 15.59; 16A.10, by adding a subdivision; 16A.127, subdivisions 3 and 8; 16B.24, subdivision 5, and by adding subdivisions; 16B.28, subdivision 2; 16B.48, subdivisions 4 and 5; 16B.51, subdivision 2; 16B.53, subdivision 3; 16B.85, subdivisions 2, 3, and 5; 17.102, subdivision 4; 40A.08; 40A.151; 40A.152, subdivision 3; 40A.16; 41A.04, subdivision 1; 41A.05, subdivision 2; 41A.051; 41A.066, subdivision 1; 62D.122; 62J.02, subdivisions 2 and 3; 84.027, by adding a subdivision; 84.154, subdivision 5; 84.943; 84A.53; 84A.54; 89.37, subdivision 4; 89.58; 97A.065, subdivision 2; 97C.001, subdivision 1; 105.485, subdivision 3; 110B.04, subdivision 7; 110B.08, subdivision 5; 115.103, subdivision 1; 115A.072, subdivision 1; 115A.15, subdivision 6; 116.36, subdivision 1; 116.65, subdivision 3; 116C.03, subdivisions 4 and 5; 116C.712, subdivisions 3 and 5; 116D.04, subdivisions 5a and 10; 116D.045, subdivision 3; 116J.971, by adding a subdivision; 116J.980; 116L.03, by adding a subdivision; 116P.11; 126.115, subdivision 3; 144.226, subdivision 3; 144.70, subdivision 2; 144.8093, subdivisions 2, 3, and 4; 144A.071, subdivision 5; 144A.31, subdivision 1; 144A.33, subdivision 4; 145A.02, subdivision 16; 145A.09, subdivision 6; 157.045; 169.126, subdivision 4b; 171.06, subdivision 2a; 176B.02; 176B.04; 181.953; 183.545, subdivision 9; 184.33, subdivision 1, and by adding a subdivision; 184.35; 190.08, by adding a subdivision; 192.85; 196.054, subdivision 2; 197.23, subdivision 2; 201.023; 204B.14, subdivision 5; 214.141; 240A.02, subdivisions 1 and 3; 240A.03, subdivision 13, and by adding a subdivision; 243.48, subdivision 1; 268.026, subdivision 2; 268.361, subdivision 3; 268.677, subdivision 2; 268.681, subdivision 3; 270.68, subdivision 1; 272.38, subdivision 1; 282.014; 296.06, subdivision 2; 296.12, subdivisions 1 and 2; 296.17, subdivisions 10 and 17; 297.03, subdivision 5a; 299D.03, subdivision 5; 326.37; 326.47, subdivision 3; 326.52; 326.75, subdivision 4; 349.22, subdivision 2; 349.36; 349.52, subdivision 3; 352.92, subdivision 2; 352B.02, subdivision 1c; 353D.01, subdivision 2; 354.42, subdivision 5; 363.073, by adding a subdivision; 368.01, subdivision 1a; 402.045; 462.384, subdivision 7; 477A.014, subdivision 4; 480A.01, subdivision 3; 481.14; 484.54, subdivision 1; 484.545, subdivision 1; 484.68, subdivision 2, and by adding a subdivision; 484.70, subdivision 1; 485.03; 486.01; 487.32, subdivisions 2 and 3; 487.33, by adding a subdivision; 611.20; 611.215, subdivision 1; 611.26, subdivision 3; 611.27; 611.271; 629.292, subdivision 1; Minnesota Statutes 1989 Supplement, sections 3.30, subdivisions 1 and 2; 5.18; 15A.081, subdivision 1; 16A.11, subdivision 3; 16A.133, subdivision 1; 16B.24, subdivision 6; 16B.28, subdivision 3; 16B.465, subdivision 1; 16B.48, subdivision 2; 17.49, subdivision 1; 18.0225; 41A.05, subdivision 1; 43A.02, subdivision 25; 43A.24, subdivision 2, and by adding a subdivision; 84A.51, subdivision 2; 85.205; 89.035; 89.036; 97A.475, subdivision 2; 103H.101, subdivision 4; 103H.175; 105.41, subdivision 5a; 115A.54, subdivision 2a; 115A.923, subdivision 2; 116.85; 116C.03, subdivision 2; 116J.01, subdivision 3; 116J.58, subdivision 1; 116J.617, subdivision 5; 116J.955, subdivision 1; 116J.9673, subdivision 4; 116J.971, subdivisions 6, 7, and 8; 116L.03, subdivision 2; 129B.13, subdivisions 2, 3, 8, 9, 10, 12, 14, 15, and 16; 144.861; 145.926, subdivisions 1, 4, 5, 7, and 8; 169.686, subdivision 3; 176.135, subdivision 1; 183.357, subdivision 4; 190.25,

subdivision 3; 216D.08, subdivision 3; 245.4873, subdivision 2; 245.697, subdivision 2a; 246.18, subdivision 3a; 256H.25, subdivision 1; 270.06; 270.064; 299A.30, subdivision 2; 299A.31, subdivision 1; 299A.40, subdivision 4; 299F.641, subdivision 8; 299J.12, subdivision 1; 336.9-413; 352.04, subdivisions 2 and 3; 357.021, subdivision 2; 357.022; 357.08; 363.073, subdivision 1; 466A.05, subdivision 1; 469.203, subdivisions 4 and 5; 469.204, subdivision 2; 469.205, by adding a subdivision; 469.207; 473.156, subdivision 1; 480.242; 484.68, subdivision 5; 485.018, subdivision 5; 486.05, subdivisions 1 and 1a; 486.06; 487.31, subdivision 1; 504.34, subdivisions 5 and 6; 611.215, by adding a subdivision; and 611.26, subdivision 2; Minnesota Statutes Second 1989 Supplement, sections 3.885, subdivisions 3, 5, and 6; 275.14; 275.51, subdivision 6; 297A.44, subdivision 1; 357.021, subdivision 1a; 373.40, subdivision 1; 477A.011, subdivisions 3 and 3a; 477A.012, subdivision 4; Laws 1987, chapter 404, section 192, subdivision 2; Laws 1988, chapters 648, section 3; and 686, article 1, section 52; Laws 1989, chapter 335, article 1, sections 4, 36, and 42, subdivision 2; article 3, sections 38; and 58, as amended; and article 4, section 107; Laws 1989, First Special Session chapter 1, article 24, section 2; proposing coding for new law in Minnesota Statutes, chapters 4, 6, 15, 16A, 16B, 43A, 88, 116, 116J, 240A, 268, 462A, and 484; proposing coding for new law as Minnesota Statutes, chapter 484A; repealing Minnesota Statutes 1988, sections 3C.056; 14.32, subdivision 2; 40A.02, subdivision 2; 84A.51, subdivision 1; 85.30; 116E.01; 116E.02; 116E.04; 116J.971, subdivisions 1, 2, 4, 5, and 10; 116K.01 to 116K.03; 116K.04, as amended; 116K.05 to 116K.13; 116N.01; 116N.02, as amended; 116N.03 to 116N.07; 116N.08, as amended; 184.34; 268.681, subdivision 4; 299J.18; 326.82; 480.252; 480.254; 484.55; 485.018, subdivision 2a; 486.07; 487.10, subdivisions 2 and 4; and 487.13; Minnesota Statutes 1989 Supplement, sections 3C.035, subdivision 2; 8.15; 97B.301, subdivision 5; 116E.03; 116E.035; 116J.970; 116J.971, subdivisions 3 and 9; 116K.14; 116O.03, subdivision 2a; 357.021, subdivision 2a; 469.203, subdivision 5; 480.241; 480.242, subdivision 4, as amended; 480.256; and 484.545, subdivisions 2 and 3; Laws 1988, chapter 686, article 1, section 3, paragraph (c); Laws 1989, chapter 303, section 10; Minnesota Rules, part 4410.3800, subparts 1 and 3.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Kahn, Simoneau, Krueger, Osthoff and Abrams have been appointed as such committee on the part of the House.

House File No. 2419 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 5, 1990

Mr. Kroening moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2419, 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 Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 2018: A bill for an act relating to lawful gambling; defining lawful purposes for expenditures of gambling profits; establishing licensing qualifications for organizations and manufacturers; requiring organizations to report monthly on expenditures and contributions of gambling profits; authorizing the gambling control board to require recipients of contributions of gambling profits to register with the board; authorizing summary suspension of gambling licenses for failure to file tax returns; authorizing a limited number of video pull-tab devices and establishing standards and requirements for them; requiring inspection and testing of gambling equipment; requiring permits for gambling premises; requiring gambling managers to be licensed; requiring that employees of organizations conducting lawful gambling be registered with the board; requiring local gambling taxes and prescribing uses for revenue therefrom; appropriating money; amending Minnesota Statutes 1988, sections 349.12, subdivisions 10, 18, and by adding subdivisions; 349.16, as amended; 349.17, as amended; 349.18, as amended; 349.19, as amended; 349.211, by adding a subdivision; 349.212, subdivision 5; 349.2121, subdivisions 1 and 4a; 349.2123; 349.2125, subdivision 4; 349.2127, subdivisions 1, 3, and by adding subdivisions; 349.30, subdivision 2; 349.31; 349.32; 349.34; 349.35, subdivision 1; 349.36; 349.38; 349.39; 349.50, subdivision 8; 349.52, by adding a subdivision; 349.59, subdivision 1; 349.55; 609.75, subdivision 4; Minnesota Statutes 1989 Supplement, sections 299L.03, by adding a subdivision; 349.12, subdivisions 12 and 15; 349.151, subdivision 4, and by adding a subdivision; 349.152, subdivision 2, and by adding subdivisions; 349.161, as amended; 349.162; 349.163, as amended; 349.164; 349.2121, subdivision 2; 349.2122; 349.213; Minnesota Statutes Second 1989 Supplement, sections 349.12, subdivisions 11 and 19; 349.15; 349.212, subdivisions 1, 2, and 4; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and 5; 349.22, subdivision 1; 349.501, subdivision 1; 349.502, subdivision 1; 609.76, subdivision 1; Laws 1989, First Special Session chapter 1, article 13, section 27; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 1988, sections 349.14; 349.214, subdivisions 1, 1a, 3, and 4; Minnesota Statutes 1989 Supplement, sections 349.151, subdivision 4a; 349.20; 349.21; 349.22, subdivision 3; Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2.

Senate File No. 2018 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1990

Mrs. Lantry moved that the Senate do not concur in the amendments by the House to S.F. No. 2018, 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. 2489: A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited land in Koochiching and Lincoln counties; authorizing the private sale of certain state lands in Scott, Hubbard, and Fillmore counties; appropriating proceeds of the Scott county conveyance; authorizing the sale of certain surplus land in Lake county; authorizing the sale of certain trust fund land in St. Louis county; authorizing the sale of surplus land in Grant county for recreational purposes; authorizing the sale of certain wildlife land in Washington county to independent school district No. 834.

Senate File No. 2489 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1990

Mr. Moe, R.D. moved that S.F. No. 2489 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. 2412: A bill for an act relating to state government; requiring the state board of investment to invest certain assets currently managed by the commerce department; amending Minnesota Statutes 1988, section 79.251, by adding a subdivision.

Senate File No. 2412 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1990

Mr. Moe, R.D. moved that S.F. No. 2412 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2599 and 1854.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 5, 1990

### FIRST READING OF HOUSE BILLS

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

H.F. No. 2599: A bill for an act relating to retirement; Minneapolis municipal employees; consolidating funds within the fund, excluding CETA

employees; removing mandatory retirement age; establishing a bounce-back annuity; increasing survivor benefits; amending Minnesota Statutes 1988, sections 422A.06, subdivisions 1, 3, 5, 6, and 8; 422A.09, subdivision 3; 422A.13, subdivision 2; 422A.17; and 422A.23, subdivisions 2, 6, 9, and 10; Minnesota Statutes 1989 Supplement, section 356.215, subdivision 4d; proposing coding for new law in Minnesota Statutes, chapter 422A.

Referred to the Committee on Governmental Operations.

H.F. No. 1854: A bill for an act relating to real estate; validating certain cancellation of contracts; validating certain conveyances by religious corporations; allowing county boards to set certain fees charged by the examiner of titles; providing for the effect of dissolution on joint tenancy; permitting the filing of summaries of dissolution judgments in real estate filings; clarifying provisions on certain liens by reordering clauses; amending Minnesota Statutes 1988, sections 287.01, by adding a subdivision; 500.19, subdivision 5; and 514.12, subdivision 3; Minnesota Statutes Second 1989 Supplement, section 508A.82; proposing coding for new law in Minnesota Statutes, chapters 315, 518, and 559; repealing Minnesota Statutes 1988, section 580.031.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1757, 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. 2390 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2390	2188				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2390 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2390 and insert the language after the enacting clause of S.F. No. 2188, the third engrossment; further, delete the title of H.F. No. 2390 and insert the title of S.F. No. 2188, the third engrossment.

And when so amended H.F. No. 2390 will be identical to S.F. No. 2188, and further recommends that H.F. No. 2390 be given its second reading and substituted for S.F. No. 2188, 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. 2458 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2458	2194				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2458 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2458 and insert the language after the enacting clause of S.F. No. 2194, the second engrossment; further, delete the title of H.F. No. 2458 and insert the title of S.F. No. 2194, the second engrossment.

And when so amended H.F. No. 2458 will be identical to S.F. No. 2194, and further recommends that H.F. No. 2458 be given its second reading and substituted for S.F. No. 2194, and that the Senate File be indefinitely postponed.

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

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

S.F. No. 2073: A bill for an act relating to human services; clarifying case management services under medical assistance; specifying requirements for an individual service plan; requiring county boards to document unavailability of money for services to persons with mental retardation or related conditions; amending Minnesota Statutes 1988, section 256B.092, subdivisions 1a, 1b, and by adding subdivisions.

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

Page 1, line 27, delete "an" and insert "the"

Page 2, line 12, after "management" insert "and day training and habilitation services"

Page 2, line 28, after "plan" insert "and action that will be taken to prevent abuse or neglect as defined in sections 626.556, subdivision 2, paragraphs (a), (c), and (d), and 626.557, subdivision 2, paragraphs (d) and (e)"

Page 3, after line 3, insert:

"Sec. 5. Minnesota Statutes 1988, section 256B.092, is amended by adding a subdivision to read:

*Subd. 1e. [COUNTY WAITING LIST.] The county agency shall maintain a waiting list of persons with developmental disabilities specifying the services needed but not provided.*

Sec. 6. [COST CONTAINMENT STUDY.]

*By January 1, 1991, the commissioner of human services, in consultation*

*with counties, shall submit proposals to the health and human services policy committees and senate finance and house of representatives appropriations divisions which examine alternatives regarding fiscal incentives including mandates and rule changes that will encourage cost containment."*

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. 1925: A bill for an act relating to the environment; changing certain requirements for municipal wastewater treatment grants; increasing bonding authority; amending Minnesota Statutes 1988, sections 116.18, subdivision 3c; 446A.07, subdivision 2; 446A.12, subdivision 1; and Minnesota Statutes 1989 Supplement, section 116.16, subdivisions 2 and 5.

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. 1779: A bill for an act relating to agriculture; providing for mediation and arbitration of certain contract disputes; providing for recapture of capital investments required by certain agricultural contracts; clarifying responsibility of parent companies for affiliates; requiring good faith; prohibiting unfair practices; creating an ombudsman; appropriating money; amending Laws 1989, chapter 350, article 20, section 25; proposing coding for new law in Minnesota Statutes, chapters 17 and 514.

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

Page 1, line 15, delete "8" and insert "9"

Page 3, line 34, delete "8" and insert "9"

Page 4, line 11, delete "8" and insert "9"

Page 7, delete section 12

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. 2177: A bill for an act relating to traffic safety; providing for administrative impoundment of license plates of vehicles owned by repeat violators of laws relating to driving while intoxicated; providing for issuance of special plates to certain members of the violator's household; requiring peace officers to serve a notice of intent to impound when serving a notice of intent to revoke the violator's driver's license; providing for administrative and judicial review of impoundment orders; eliminating the alcohol problem screening for persons convicted of offenses associated with driving under the influence of alcohol or a controlled substance; modifying procedures for chemical use assessments, programs, and funding; changing the maximum rate for reimbursement of counties from the general fund for the assessments; expanding the crime of refusing to submit to an implied consent test; expanding the crime of aggravated driving while intoxicated; removing requirement that negligence be proven for conviction of criminal

vehicular operation if driver's alcohol concentration was 0.10 or more; imposing penalties for criminal vehicular operation resulting in substantial bodily harm; prohibiting constructive possession of alcohol in a private motor vehicle; expanding the definition of possession; amending Minnesota Statutes 1988, sections 168.041, subdivisions 3, 8, and 10; 169.122, subdivision 2; 169.124, subdivision 1; 169.126, subdivisions 1, 2, 6, and by adding a subdivision; and 169.129; Minnesota Statutes 1989 Supplement, sections 169.041, subdivision 4; 169.121, subdivisions 1a and 3b; 169.126, subdivision 4; 260.193, subdivision 8; and 609.21; proposing coding for new law in Minnesota Statutes, chapter 168; repealing Minnesota Statutes 1988, sections 168.041, subdivision 3a; 169.124, subdivisions 2 and 3; and 169.126, subdivisions 2, 3, and 4b; and Minnesota Statutes 1989 Supplement, sections 168.041, subdivision 4a; and 169.126, subdivision 4a.

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

Page 8, after line 10, insert:

“Sec. 6. [APPROPRIATION.]

*(a) \$10,000 is appropriated from the general fund to the commissioner of public safety for ongoing computer transaction expenses of the bureau of criminal apprehension in implementing this article.*

*(b) \$12,000 is appropriated from the trunk highway fund to the commissioner of public safety to reprogram the bureau of criminal apprehension computer to provide access to motor vehicle records by name.*

*(c) \$31,000 is appropriated from the highway user tax distribution fund to the commissioner of public safety for an additional position in the division of driver and vehicle services to administer the plate impoundment program.*

*(d) The complement of the department of public safety is increased by one position.”*

Page 8, line 16, delete “6” and insert “5 and 7”

Re-number the sections of article 1 in sequence

Amend the title as follows:

Page 1, line 26, after the second semicolon, insert “appropriating money;”

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

## SECOND READING OF SENATE BILLS

S.F. Nos. 2073, 1925, 1779 and 2177 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. Nos. 2390 and 2458 were read the second time.

## CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Waldorf moved that the following members be excused for a Conference Committee on S.F. No. 2618 at 10:30 a.m.:



Messrs. Dicklich; Hughes; Johnson, D.E.; Waldorf and Mrs. Brataas. The motion prevailed.

### MOTIONS AND RESOLUTIONS

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2158 a Special Order to be heard immediately.

#### SPECIAL ORDER

S.F. No. 2158: A bill for an act relating to utilities; regulating flexible gas utility rates; repealing sunset provisions relating to flexible gas utility rates; appropriating money; amending Minnesota Statutes 1988, section 216B.163; and Laws 1987, chapter 371, section 4.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.E.	McGowan	Pogemiller
Anderson	DeCramer	Johnson, D.J.	McQuaid	Ramstad
Beckman	Dicklich	Knaak	Merriam	Reichgott
Benson	Diessner	Kroening	Moe, D.M.	Schmitz
Bernhagen	Flynn	Laidig	Moe, R.D.	Storm
Bertram	Frank	Lantry	Morse	Stumpf
Chmielewski	Frederick	Larson	Novak	Vickerman
Cohen	Frederickson, D.J.	Lessard	Olson	
Dahl	Frederickson, D.R.	Luther	Pariseau	
Davis	Freeman	Marty	Piepho	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2230 a Special Order to be heard immediately.

#### SPECIAL ORDER

H.F. No. 2230: A bill for an act relating to public purchasing; establishing programs for purchasing from certain small targeted group businesses and businesses located in economically disadvantaged areas; requiring prompt payment to subcontractors; providing penalties; amending Minnesota Statutes 1988, sections 16B.07, by adding a subdivision; 16B.20, subdivisions 1 and 3; 161.321, subdivisions 1, 4, 5, and by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 16B.19; 16B.20, subdivision 2; 16B.21; 16B.22; 16B.226; 116J.68; 136.27; 136.72; 137.31, subdivision 6; 161.321, subdivisions 2, 3, and 6; 161.3211; 241.27, subdivision 2; 471.345, subdivision 8; and 473.142; Laws 1989, chapter 352, section 25; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; and 137; repealing Minnesota Statutes 1989 Supplement, sections 16B.189; 137.31, subdivision 3a; and 645.445, subdivision 5.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.J.	McQuaid	Ramstad
Anderson	DeCramer	Knaak	Merriam	Reichgott
Beckman	Diessner	Kroening	Moe, D.M.	Renneke
Belanger	Flynn	Laidig	Moe, R.D.	Storm
Benson	Frank	Lantry	Morse	Stumpf
Bernhagen	Frederick	Larson	Novak	Vickerman
Bertram	Frederickson, D.J.	Lessard	Olson	
Chmielewski	Frederickson, D.R.	Luther	Pariseau	
Cohen	Freeman	Marty	Piepho	
Dahl	Gustafson	McGowan	Pogemiller	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F No. 1962 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F No. 1962: A bill for an act relating to appropriations; canceling an appropriation for a cooperative agreement with the Cuyuna Development Corporation; restoring the wild rice management account; amending Laws 1989, chapter 335, article 4, section 109, 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 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Gustafson	McGowan	Pogemiller
Anderson	Decker	Johnson, D.J.	McQuaid	Ramstad
Beckman	DeCramer	Knaak	Merriam	Renneke
Belanger	Diessner	Kroening	Moe, D.M.	Schmitz
Benson	Flynn	Laidig	Moe, R.D.	Storm
Bernhagen	Frank	Lantry	Morse	Stumpf
Bertram	Frederick	Larson	Novak	Vickerman
Chmielewski	Frederickson, D.J.	Lessard	Olson	
Cohen	Frederickson, D.R.	Luther	Pariseau	
Dahl	Freeman	Marty	Piepho	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F No. 2619 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F No. 2619: A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 44 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Frederickson, D.R.	Marty	Piepho
Anderson	Davis	Freeman	McGowan	Pogemiller
Beckman	Decker	Johnson, D.J.	McQuaid	Ramstad
Belanger	DeCramer	Knaak	Merriam	Renneke
Benson	Diessner	Kroening	Moe, D.M.	Schmitz
Bernhagen	Flynn	Laidig	Moe, R.D.	Storm
Bertram	Frank	Lantry	Morse	Stumpf
Chmielewski	Frederick	Larson	Novak	Vickerman
Cohen	Frederickson, D.J.	Luther	Pariseau	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2346 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2346: A bill for an act relating to the state building code; accessibility for the physically disabled; establishing an access review board; providing for review of applications for permission to provide accessibility by means of stairway chair lifts; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 471.

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	Davis	Gustafson	McGowan	Pogemiller
Anderson	Decker	Johnson, D.J.	McQuaid	Ramstad
Beckman	DeCramer	Knaak	Merriam	Renneke
Belanger	Diessner	Kroening	Moe, D.M.	Schmitz
Benson	Flynn	Laidig	Moe, R.D.	Stumpf
Bernhagen	Frank	Lantry	Morse	Vickerman
Bertram	Frederick	Larson	Novak	
Chmielewski	Frederickson, D.J.	Lessard	Olson	
Cohen	Frederickson, D.R.	Luther	Pariseau	
Dahl	Freeman	Marty	Piepho	

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, D.M. moved that S.F. No. 2412 be taken from the table. The motion prevailed.

S.F. No. 2412: A bill for an act relating to state government; requiring the state board of investment to invest certain assets currently managed by the commerce department; amending Minnesota Statutes 1988, section 79.251, by adding a subdivision.

### CONCURRENCE AND REPASSAGE

Mr. Moe, D.M. moved that the Senate concur in the amendments by the House to S.F. No. 2412 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2412 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Frederickson, D.R.	Lessard	Pariseau
Anderson	Davis	Freeman	Luther	Piepho
Beckman	Decker	Gustafson	Marty	Pogemiller
Belanger	DeCramer	Johnson, D.J.	McGowan	Ramstad
Benson	Diessner	Knaak	McQuaid	Renneke
Bernhagen	Flynn	Kroening	Moe, D.M.	Storm
Bertram	Frank	Laidig	Morse	Vickerman
Chmielewski	Frederick	Lantry	Novak	
Cohen	Frederickson, D.J.	Larson	Olson	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Kroening moved that S.F. No. 1087 be taken from the table. The motion prevailed.

S.F. No. 1087: A bill for an act relating to landlord and tenant relations; providing standing for certain associations to bring an action for tenant remedies; providing for actions against certain unoccupied buildings; amending Minnesota Statutes 1988, sections 504.23; 566.18, subdivision 7, and by adding a subdivision; 566.19; 566.20, subdivision 1; 566.25; 566.28; and 566.29, subdivisions 1, 3, and 4.

### CONCURRENCE AND REPASSAGE

Mr. Kroening moved that the Senate concur in the amendments by the House to S.F. No. 1087 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1087: A bill for an act relating to landlord and tenant relations; providing standing for certain associations to bring an action for tenant remedies; providing for actions against certain unoccupied buildings; amending Minnesota Statutes 1988, sections 504.23; 566.18, subdivision 7, and by adding a subdivision; 566.19; 566.20, subdivision 1; 566.25; 566.28; and 566.29, subdivision 3; Minnesota Statutes 1989 Supplement, section 566.29, subdivisions 1 and 4.

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 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Frederickson, D.R.	Lessard	Novak
Anderson	DeCramer	Freeman	Luther	Olson
Bernhagen	Diessner	Gustafson	Marty	Pariseau
Bertram	Flynn	Knaak	McGowan	Piepho
Chmielewski	Frank	Kroening	McQuaid	Renneke
Cohen	Frederick	Lantry	Moe, D.M.	Storm
Dahl	Frederickson, D.J.	Larson	Morse	Vickerman

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2609 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F. No. 2609: A bill for an act relating to the environment; providing for the management and cleanup of tax-forfeited lands; requiring a report by the pollution control agency; authorizing a levy by Lake county; authorizing a purchase of tax-forfeited land in St. Louis county; amending Minnesota Statutes 1988, sections 115B.02, subdivision 11; 115B.03, by adding a subdivision; 115C.02, subdivision 8; 115C.021, by adding a subdivision; 116.49, by adding a subdivision; and 282.08; proposing coding for new law in Minnesota Statutes, chapter 282.

Mr. Novak moved to amend S.F. No. 2609 as follows:

Page 8, line 31, after "*penalties*" insert "*and interest*"

The motion prevailed. So the amendment was adopted.

S.F. No. 2609 was then progressed.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Freeman moved that H.F. No. 2704 be taken from the table. The motion prevailed.

H.F. No. 2704: A bill for an act relating to commerce; removing a real estate licensing prohibition; amending Minnesota Statutes 1988, section 82.20, subdivision 4.

**RECONSIDERATION**

Having voted on the prevailing side, Mr. Freeman moved that the vote whereby the Freeman amendment to H.F. No. 2704 was adopted on April 4, 1990, be now reconsidered. The motion prevailed.

**RECONSIDERATION**

Having voted on the prevailing side, Mr. Knaak moved that the vote whereby the Knaak amendment to H.F. No. 2704 was adopted on April 4, 1990, be now reconsidered. The motion prevailed.

Mr. Knaak withdrew his amendment.

Mr. Freeman withdrew his amendment.

Mr. Freeman then moved to amend H.F. No. 2704 as follows:

Page 1, after line 5, insert:

"Section 1. [57.01] [SHORT TITLE.]

*This chapter may be cited as the "home buyers' bill of rights."*

Sec. 2. [57.02] [SCOPE.]

*Subdivision 1. [RESIDENTIAL MORTGAGE LOANS.] Except as provided in subdivision 2, this chapter applies to any entity that engages in the business of making, brokering, or servicing mortgage loans.*

*Subd. 2. [EXEMPTION.] This chapter does not apply to:*

*(1) entities making or negotiating five or fewer mortgage loans in a period of 12 consecutive months;*

*(2) charitable or nonprofit corporations making mortgage loans to promote home ownership or improvements for the disadvantaged;*

*(3) agencies of the federal government, or a state government, or a quasi-governmental agency making mortgage loans under the specific authority of the laws of a state or the United States;*

*(4) entities acting as fiduciaries with respect to an employee pension benefit plan qualified under the Internal Revenue Code who make mortgage loans solely to plan participants from plan assets;*

*(5) persons licensed by the state of Minnesota as real estate brokers or salespersons who, in the course of representing a purchaser or seller of real estate, incidentally assist the purchaser or seller in obtaining financing for the real property in question if the licensee does not receive a separate commission, fee, or other valuable consideration including a referral fee for this service;*

*(6) an attorney authorized to practice law in this state, who incidentally acts as a mortgage broker in negotiating or placing a first mortgage loan in the normal course of legal practice if the attorney does not receive a separate commission, fee, or other valuable consideration including a referral fee for the service; or*

*(7) entities acting in a fiduciary capacity conferred by authority of a court.*

**Sec. 3. [57.03] [DEFINITIONS.]**

*Subdivision 1. [TERMS.] For purposes of this chapter, the terms in this section have the meanings given them unless the context requires a different meaning.*

*Subd. 2. [ADVERTISEMENT.] "Advertisement" means an oral, written, graphic, or pictorial statement made in the course of solicitation of business. Advertisement includes, without limitation, a statement or representation made in a newspaper, magazine, or other publication, or contained in a notice, sign, billboard, poster, display, circular, pamphlet, or letter, or on radio or television.*

*Subd. 3. [AGRICULTURAL PROPERTY.] "Agricultural property" has the meaning given the term in section 583.22.*

*Subd. 4. [BORROWER.] "Borrower" means a natural person who has submitted an application for a loan to a mortgage lender or has obtained a mortgage loan.*

*Subd. 5. [BUSINESS.] "Business" means a commercial or industrial enterprise that is carried on for the purpose of active or passive investment or profit.*

*Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.*

*Subd. 7. [ENTITY.] "Entity" means an individual acting as a sole proprietorship, corporation, partnership, association, trust, or any other commercial organization or group of individuals, however organized.*

*Subd. 8. [EQUAL CREDIT OPPORTUNITY ACT.] "Equal Credit Opportunity Act" means United States Code, title 15, sections 1691 to 1691f, and any regulations adopted under those sections.*

*Subd. 9. [ESCROW ACCOUNT.] "Escrow account" means an escrow, agency, or similar account for the payment of taxes or insurance premiums with respect to a mortgaged one- to four-family, owner-occupied residence located in this state.*

*Subd. 10. [MORTGAGE BROKER.] "Mortgage broker" means an entity other than a mortgage lender who for a fee directly or indirectly offers to find or finds mortgage loans for another.*

*Subd. 11. [MORTGAGE LENDER.] "Mortgage lender" means an entity making or servicing a mortgage loan.*

*Subd. 12. [MORTGAGE LOAN OR LOAN.] "Mortgage loan" or "loan" means a loan or advance of credit to an individual secured by a mortgage or other encumbrance upon real property of less than ten acres located in the state and containing one to four residential units or upon which at the time the loan is made it is intended that one to four residential units are to be constructed. The term does not include:*

*(1) a loan or advance of credit that is made primarily for a business or commercial purpose;*

*(2) a loan for which less than 50 percent of the proceeds are intended to be used to acquire legal title to the property or used to refinance the balance due on a contract for deed; or*

*(3) a loan or extension of credit made by the seller of real property for the purchase of the property or the refinancing of a contract for deed on the property.*

*Subd. 13. [MORTGAGE LOAN SERVICER.] "Mortgage loan servicer" means an entity that is servicing a mortgage loan.*

*Subd. 14. [REAL ESTATE SETTLEMENT PROCEDURES ACT.] "Real Estate Settlement Procedures Act" means United States Code, title 12, sections 2601 to 2617, and any regulations adopted under those sections.*

*Subd. 15. [REFERRAL FEE.] "Referral fee" means the types of payments under the Real Estate Settlement Procedures Act.*

*Subd. 16. [SERVICING.] "Servicing" means the collection for any mortgage lender, noteowner, noteholder, or for the mortgage lender's own account, of payments, interest, principal, and escrow items such as hazard insurance and taxes on a residential mortgage loan in accordance with the terms of the residential mortgage loan. Servicing includes loan payment follow-up, delinquency loan follow-up, loan analysis, any notifications to the borrower that are necessary to enable the borrower to keep the loan current and in good standing, and the administration of escrow accounts for payment of items such as hazard insurance premiums and taxes on a residential mortgage loan.*

*Subd. 17. [SETTLEMENT SERVICES.] "Settlement services" includes any service provided in connection with a real estate settlement including, but not limited to, title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, the preparation of documents, property surveys, the rendering of credit reports or appraisals, pest and fungus inspections, services rendered by a real estate*

agent or broker, and the handling of the processing, and closing or settlement.

*Subd. 18. [TRUTH-IN-LENDING ACT.] "Truth-in-Lending Act" means United States Code, title 15, sections 1601 to 1666j, and any regulations adopted under those sections.*

**Sec. 4. [57.04] [LICENSE REQUIREMENT; APPLICATION.]**

*Subdivision 1. [GENERALLY.] A person may not engage in business as a mortgage lender or mortgage broker unless that person or entity by whom the person is employed has first obtained a license under this chapter or is exempt from the licensing requirements of this chapter.*

*Subd. 2. [EXEMPTIONS.] The following entities are exempt from the licensing requirements of this section:*

*(1) banks, savings banks, savings associations, and credit unions organized under the laws of this state, and banks, savings banks, savings associations, and credit unions organized under the laws of the United States that have offices in this state from which deposits are accepted under the laws of this state or the United States, and their employees; provided, however, that subsidiaries and service corporations of these institutions are not exempt from the requirements of this chapter;*

*(2) regulated lenders licensed under chapter 56, and industrial loan and thrift companies licensed under chapter 53;*

*(3) insurance companies licensed to do business in this state; and*

*(4) persons licensed by the state of Minnesota as real estate brokers or salespersons.*

*Subd. 3. [MORTGAGE LENDERS.] A mortgage lender licensed under this section who brokers mortgage loans is not required to obtain a license as a mortgage broker.*

*Subd. 4. [FORM.] An application for a license under this section must be made in writing, and on a form approved by the commissioner.*

*Subd. 5. [CONTENTS.] The application for a mortgage lender or mortgage broker must set forth:*

*(1) the name and address of the applicant;*

*(2) if the applicant is a firm or partnership, the name and address of each member of the firm or partnership;*

*(3) if the applicant is a Minnesota corporation, the name and address of its officers and directors;*

*(4) if the applicant is a foreign corporation, a copy of its certificate of authority to transact business in this state and the name and address of its registered agent and each officer and director;*

*(5) the addresses of all offices in this state where business will be conducted by the applicant; and*

*(6) other information concerning the financial responsibility, background, experience, and activities of the applicant and its officers, directors, employees, and principal stockholders as the commissioner requires.*

*Subd. 6. [FINANCIAL RESPONSIBILITY FOR MORTGAGE LENDERS.] (a) An applicant for a mortgage lender license shall:*



(1) demonstrate evidence of approval or certification by the United States Secretary of Housing and Urban Development, including as a loan correspondent mortgagee, or approval or certification of the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association;

(2) certify to the commissioner a bond; or

(3) provide evidence of, and continuously maintain, a line of credit for the funding of mortgage loans.

(b) If the applicant for a mortgage lender license provides a bond, it must be in the amount of \$100,000, issued by an insurer authorized to transact business in this state and covered by the Minnesota insurance guaranty association, with the state as obligee, conditioned for the prompt payment to a person entitled to it, other than an officer, partner, or employee of the licensee, from loss resulting from fraud, dishonesty, forgery, or theft in connection with a residential mortgage loan transaction by the licensee or an officer, agent, or employee. The aggregate liability of the surety to all persons for all losses is limited to the amount of the bond. The bond must remain operative for the term of the license.

(c) If the applicant for a mortgage lender license provides a line of credit, it must be for at least \$250,000 with a lending institution whose deposits are insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation, or with a person who is otherwise acceptable to the commissioner.

The requirement of a line of credit may be waived by the commissioner if all loans originated by the applicant are either closed in the name of a licensed lender or other financial institution or entity approved by the commissioner under an agreement between the mortgage lender or other financial institution and the applicant, or assigned, under an agreement, to a licensed mortgage lender or other financial institution or entity approved by the commissioner, simultaneously with the closing.

The applicant shall provide the commissioner with a copy of the agreement, which must state the circumstances under which the mortgage lender or financial institution will be obligated to fund closings or purchase loans from the applicant. The licensee shall notify the commissioner of any modifications to the agreement.

(d) If there is any material change in any of the financial conditions upon which a license was granted under this section, the mortgage lender must notify the commissioner of that change within five business days of the change.

**Subd. 7. [EXPERIENCE.]** An entity applying for a mortgage lender's license must have at least one partner or employee, in a position to supervise the work of the entity, who must have at least two years of mortgage origination experience within the previous four years. The experience requirement may be waived if the applicant is, in the opinion of the commissioner, otherwise qualified by reason of education or practical experience.

**Subd. 8. [FEES.]** (a) An application for a mortgage lender or mortgage broker license must be accompanied by the following fees:

(1) for a mortgage lender with less than five employees, the license fee is \$250;

(2) for a mortgage lender with five or more employees, the license fee

is \$750; and

(3) for a mortgage broker, the license fee is \$250.

(b) Fees collected under this subdivision must be deposited in the state treasury and credited to the general fund.

All fees are nonreturnable, except that an overpayment of a fee must be refunded upon proper application to the commissioner.

Subd. 9. [DENIAL OF LICENSE.] *The commissioner may deny a license under this section if the applicant:*

(1) fails to meet the criteria described under subdivisions 6 and 7;

(2) had an entry of a federal or state administrative order against the mortgage lender or mortgage broker for violation of any law or regulation applicable to the conduct of the licensed business; or

(3) had an entry of a judgment against the mortgage lender or mortgage broker involving fraud, misrepresentation, or deceit.

Subd. 10. [ANNUAL REPORT.] *The commissioner may require a licensee to file an annual report with the commissioner that sets forth the information and is in the form the commissioner requires regarding the business conducted by the licensee during the preceding calendar year.*

Sec. 5. [57.05] [RETENTION OF BOOKS, ACCOUNTS, AND RECORDS.]

Subdivision 1. [RECORDS MAINTAINED.] *Each mortgage lender and mortgage broker shall maintain in the licensee's offices any books, accounts, and records the commissioner reasonably requires in order to determine whether the licensee is in compliance with this chapter and the rules adopted under it. The books, accounts, and records must be maintained separately from any other business of the mortgage lender or mortgage broker.*

Subd. 2. [RECORDS RETAINED.] *A mortgage lender shall retain for at least two years after settlement of a mortgage loan, copies of the note, settlement statement, truth-in-lending disclosure, and other papers or records relating to the loan as may be required by rule. A mortgage broker must retain for at least two years after a mortgage loan is made the original contract for the individual mortgage broker's compensation, a copy of the settlement statement, and an account of fees received in connection with the loan, and other papers or records as may be required by rule.*

Subd. 3. [OUT-OF-STATE LICENSEE.] *A mortgage lender or mortgage broker may maintain the records required under this section in offices outside of this state if the licensee agrees to pay in advance for the cost of examination of those records by the commissioner.*

Sec. 6. [57.06] [PROHIBITED PRACTICES; GENERAL.]

*A mortgage lender or mortgage broker may not violate any provision of the Equal Credit Opportunity Act, Real Estate Settlement Procedures Act, or the Truth-in-Lending Act in the making or brokering of mortgage loans.*

Sec. 7. [57.07] [ADVERTISING PRACTICES.]

Subdivision 1. [PROHIBITION.] *Advertisements by mortgage lenders or mortgage brokers may not:*

(1) state or imply that the advertised loan interest rates, points, terms, charges, or the contracts or services of the mortgage lender or mortgage broker are approved, recommended, or established by the state; or

(2) contain any statement that is false, misleading, or deceptive.

*Subd. 2. [MORTGAGE BROKERS.] Advertisements by a mortgage broker must disclose that the mortgage broker does not make loans and that loan money, if available, is provided by other entities to qualified borrowers.*

Sec. 8. [57.08] [LOAN APPLICATION PRACTICES.]

*Subdivision 1. [BORROWER INFORMATION DOCUMENT.] At the time of the loan application but before the borrower signs the application or pays any consideration to a mortgage lender, the mortgage lender must provide the borrower with a "borrower information document" which must contain, in plain language, the following:*

(1) the statement: "This document is being provided to you as required under Minnesota law. Its purpose is to tell you about the documents you should be receiving in connection with your mortgage loan application.";

(2) an itemized list of all fees the borrower will be required to pay at the time of application, and a statement of those fees which will or will not be refunded if the application is withdrawn or denied;

(3) a copy of the loan application form;

(4) a description of the types of documents the borrower is usually requested to provide in order for the mortgage lender to provide the loan;

(5) a general description of the underwriting and other eligibility standards customarily used in determining whether a loan will be provided;

(6) a statement that the borrower may request the mortgage lender to provide the borrower:

(i) a copy of a sample blank mortgage note and mortgage contract that will be executed if the loan is approved;

(ii) a copy of a sample commitment letter, if offered by the mortgage lender; and

(iii) a sample interest rate or discount point agreement, if offered by the mortgage lender; and

(7) a statement that the mortgage lender may not require the borrower to contract with any specific person for any settlement services, although the lender may require that a person providing settlement services be acceptable to the lender.

*Subd. 2. [COPIES; SIGNED DOCUMENTS.] A copy of each document signed by the borrower must be provided to the borrower at the time of signing of the document, except for releases for credit information and verifications of employment, bank accounts, and current mortgage history.*

*Subd. 3. [CLOSING COSTS.] The mortgage lender must inform the borrower in a separate written document that the borrower may inspect the completed uniform settlement statement containing the information required under section 9, subdivision 4, one day prior to the settlement of the loan, excluding Saturdays, Sundays, and legal holidays.*

*Subd. 4. [CHANGING TERMS; PROHIBITED.] A mortgage lender may*

*not obtain any agreement or instrument in which blanks are left to be filled in after execution by the parties, except for verifications of employment, bank accounts, and other credit verifications, or fill in or change the loan amount, interest rate, number of discount points, or other terms contained in an interest rate or discount point agreement after the interest rate or discount point agreement is executed by the parties.*

*Subd. 5. [SECURITY INTEREST; PERSONAL PROPERTY.] A mortgage lender may not accept in connection with a mortgage loan a security interest in the borrower's personal property as described under the Code of Federal Regulations, title 16, section 444.2(4).*

*Subd. 6. [REFERRAL FEES.] (a) A mortgage lender may not pay or accept a referral fee in connection with making or processing a mortgage loan to the extent prohibited under the Real Estate Settlement Procedures Act.*

*(b) Any payments permitted under the Real Estate Settlement Procedures Act for services performed may not be paid to or accepted by a real estate broker or real estate salesperson unless written disclosure is made to and acknowledged by the borrower before the services are to be performed.*

*Subd. 7. [SETTLEMENT SERVICES.] A mortgage lender may not require a borrower to contract with any specific person for real estate settlement services other than credit reports, although the lender may require that a person providing settlement services be acceptable to the lender.*

*Subd. 8. [INSURANCE.] (a) A mortgage lender may not require a borrower to purchase insurance from a designated company, agent, or agency. This does not prohibit a lender from requiring that insurance coverage be provided by companies with a certificate of authority to do business in the state of Minnesota or that meet financial criteria under section 72A.31, subdivision 1.*

*(b) A mortgage lender may not require a borrower to obtain a policy of insurance covering the property in an amount exceeding the amount of the mortgage.*

*Subd. 9. [COPIES OF REPORTS.] A mortgage lender must make available to the borrower, or send or transmit to another person as directed by the borrower, within two business days of a request, a copy of an appraisal report for which the borrower has paid, or other documents necessary to process the loan that the mortgage lender possesses, excluding verifications of employment and other financial information. If a credit report is requested by the borrower, the lender must disclose the name, address, and telephone number of the entity who prepared the credit report and that the borrower has the right to receive a copy from the entity. If a lender does not possess a document or report that has been requested, the lender must inform the borrower where the document may be obtained.*

**Sec. 9. [57.09] [CLOSING PRACTICES.]**

*Subdivision 1. [ACCEPTANCE OF MORTGAGE LENDER FEES NOT DISCLOSED; PROHIBITED.] (a) A mortgage lender may not charge a lender imposed fee, and a borrower may not be required to pay a lender imposed fee at settlement if the fee was not previously disclosed on the settlement statement as required under subdivision 4.*

*(b) The requirement of this subdivision may be specifically waived by the borrower in writing at the time of the settlement, only if the lender*

*demonstrates that, acting in good faith and due to circumstances beyond its control, compliance with this subdivision is not feasible.*

*Subd. 2. [DISBURSAL OF FUNDS.] A mortgage lender must promptly upon closing disburse, or hold in an escrow account, all funds in accordance with the agreement, taking into account any applicable right of rescission.*

*Subd. 3. [CONFESSION OF JUDGMENT.] A mortgage lender may not take a confession of judgment or a power of attorney to confess judgment or appear for the borrower in any judicial proceeding.*

*Subd. 4. [SETTLEMENT STATEMENT.] (a) A mortgage lender must make available to the borrower at least one day prior to settlement, excluding Saturdays, Sundays, and legal holidays, the uniform settlement statement containing the information required under the Real Estate Settlement Procedures Act including a final listing of all items and fees to be charged at settlement.*

*(b) The mortgage lender must notify the borrower, five business days prior to settlement or when the loan is approved, of the borrower's right to inspect the completed uniform settlement statement under this subdivision. The notice must state that the lender may not charge a fee not disclosed to the borrower 24 hours prior to the settlement, excluding Saturdays, Sundays, and legal holidays, unless specifically waived by the borrower at settlement. The notice must also inform the borrower of the name, address, and telephone number of the entity closing the loan and the individual who should be contacted if the borrower desires to inspect the completed settlement statement.*

**Sec. 10. [57.10] [REFUNDS.]**

*Subdivision 1. [THIRD-PARTY SERVICES.] If a mortgage loan fails to close, the mortgage lender shall refund to the borrower the unused or unearned portion of any fees paid by the borrower to the mortgage lender for third-party services including, but not limited to, credit reports and appraisal fees.*

*Subd. 2. [LOCK-IN FEES.] If a borrower fails to qualify for the mortgage loan, the mortgage lender must refund any fee, including any discount points, paid by the borrower to the mortgage lender for entering into an interest rate or discount point agreement as defined under section 47.206. This subdivision does not apply to fees negotiated between the borrower and the lender for a period of price protection in excess of 90 days.*

**Sec. 11. [57.11] [LOAN SERVICING PRACTICES.]**

*Subdivision 1. [PROMPT CREDITING OF PAYMENTS.] In servicing a mortgage loan, a mortgage lender or mortgage loan servicer shall process and properly credit any regularly scheduled payment from the borrower to the borrower's mortgage loan account no later than one business day after receipt by the lender or servicer of the payment.*

*Subd. 2. [LATE PAYMENTS.] A mortgage lender or loan servicer shall not impose or collect any fee for late payments of principal, interest, or other sums due under a note, unless the late fee is authorized by the note and payment is not actually received by the lender by the due date stated in the mortgage instrument.*

*Subd. 3. [COMMUNICATIONS WITH BORROWER.] In servicing a*

*mortgage loan, a mortgage lender or mortgage loan servicer shall make a good faith effort to respond within ten business days to oral or written communications from a borrower about the borrower's loan that reasonably indicate to the mortgage lender or loan servicer that a response is requested or needed.*

*Subd. 4. [TOLL-FREE NUMBER.] In servicing a mortgage loan, a mortgage lender or mortgage loan servicer shall establish a toll-free telephone number or provide an alternative toll-free telephone arrangement for receiving telephone calls from a Minnesota resident borrower calling from Minnesota to the mortgage lender or mortgage loan servicer, if the mortgage lender's or mortgage loan servicer's office is located in an area code different from the borrower's Minnesota residence.*

*Subd. 5. [PAYOFF REQUESTS.] A mortgage lender or mortgage servicer shall, within five business days of receipt of a written request from the borrower, provide a payoff amount for the principal and interest owed as of a specific date.*

**Sec. 12. [57.12] [ESCROW ANALYSIS.]**

*A mortgage lender or mortgage loan servicer administering an escrow account shall:*

*(1) perform an annual analysis of the escrow account except for the first analysis relating to loans for new construction, which may be made up to 18 months after settlement; and*

*(2) provide the borrower a statement of the annual escrow account listing the date and amount of each payment to and from the account and the balance of the account.*

**Sec. 13. [57.13] [MORTGAGE BROKERS.]**

*Subdivision 1. [WRITTEN AGREEMENT REQUIRED.] A mortgage broker may not receive compensation from a person for acting as a mortgage broker without first entering into a written contract with the person. The written contract must:*

*(1) be in plain language;*

*(2) identify the trust account into which the fees or consideration will be deposited;*

*(3) state the circumstances under which the mortgage broker will be entitled to disbursement from the trust account;*

*(4) state the circumstances under which a person will be entitled to a refund of all or part of the fee;*

*(5) specifically describe the services to be provided by the mortgage broker and the dates by which the services will be performed;*

*(6) state the maximum rate of interest to be charged on any loan obtained;*

*(7) state that the state of Minnesota does not recommend or approve mortgage broker contracts, fees, or charges;*

*(8) disclose the length of time the entity has been engaged in business as a mortgage broker;*

*(9) disclose with respect to the previous calendar year the percentage of the mortgage broker's customers for whom loans have actually been*

*funded as a result of the mortgage broker's services; and*

*(10) disclose the cancellation rights and procedures set forth in subdivision 6.*

*Subd. 2. [TRUST ACCOUNT.] A mortgage broker must maintain a trust account in a depository financial institution located within Minnesota for deposit of fees collected and must deposit into that trust account within 48 hours of receipt all fees received before a loan is funded.*

*Subd. 3. [COMPENSATION BEFORE COMMITMENT.] A mortgage broker may not receive compensation from a person until a written commitment to make a mortgage loan is given to the person by a mortgage lender, except for documented out-of-pocket expenses paid to third parties and necessary to obtain a loan commitment.*

*Subd. 4. [COMPENSATION OUTSIDE AGREEMENT.] A mortgage broker may not receive compensation from a person relating to a mortgage loan, other than that specified in the written agreement signed by the person.*

*Subd. 5. [PROHIBITED PRACTICE.] A mortgage broker may not receive compensation from a person in connection with a mortgage loan transaction in which the mortgage broker is the mortgage lender, or a principal stockholder, partner, trustee, director, or officer of the mortgage lender.*

*Subd. 6. [CANCELLATION OF MORTGAGE BROKER CONTRACTS.] A customer of a mortgage broker who pays a fee before the loan is funded has an unconditioned right to rescind the contract for mortgage brokerage services at any time until midnight of the third business day after the day the contract is signed. Cancellation is evidenced by the customer giving written notice of cancellation to the mortgage broker at the address stated in the contract. Notice of cancellation, if given by mail, is effective upon deposit in a mailbox properly addressed to the mortgage broker with postage prepaid. Notice of cancellation need not take a particular form and is sufficient if it indicates by any form of written expression the intention of the customer not to be bound by the contract.*

**Sec. 14. [57.14] [WAIVER PROHIBITED.]**

*Any waiver, modification, or attempt to waive or modify any of the borrower's rights secured by this chapter is void as contrary to public policy.*

**Sec. 15. [57.15] [MISREPRESENTATION.]**

*A mortgage lender or mortgage broker may not:*

*(1) engage in any act or practice constituting consumer fraud, false promise, misrepresentation, misleading statement, or deceptive practice, as prohibited under sections 325D.44 and 325F.69, subdivision 1; or*

*(2) fail to state a material fact if the failure has the effect of misrepresenting the terms or conditions of a mortgage loan.*

**Sec. 16. [57.16] [ENFORCEMENT.]**

*For the purposes of the commissioner's authority to enforce this chapter, an act of an officer, employee, director, partner, or principal stockholder, if performed in connection with the operation of the lender's or broker's business, is considered an act of the mortgage lender or mortgage broker.*

Sec. 17. [57.17] [PRIVATE REMEDY.]

*A cause of action for violation of sections 2 to 18 does not arise unless the person has made a written demand to the mortgage lender or mortgage broker for damages and the lender or broker has not responded to the demand within ten days after the demand or has denied paying the full amount of damages demanded, and the person can show that actual damages have been sustained as a direct result of the violation. If actual damages have been sustained, the mortgage lender or mortgage broker is liable to the person for actual damages, plus reasonable attorney fees. A mortgage lender or mortgage broker is not liable under this section for a disclosure made in a form approved by the commissioner under section 19, or for a violation that the lender shows by a preponderance of the evidence was not intentional and resulted from a bona fide error under United States Code, title 15, section 1640.*

Sec. 18. [57.18] [RULES.]

*The commissioner may adopt rules to administer this chapter.*

Sec. 19. [57.19] [APPROVAL OF FORMS.]

*A mortgage lender or mortgage broker may request the commissioner to approve a disclosure governed by this chapter. A request for approval of a disclosure must be accompanied by a fee of \$100, or a fee of \$50 for an amendment to a disclosure that had been previously approved. The fee must be deposited in the state treasury and credited to the general fund. The commissioner must approve or disapprove the disclosure within 60 days after receipt.*

Sec. 20. Minnesota Statutes 1988, section 82.17, subdivision 4, is amended to read:

Subd. 4. "Real estate broker" or "broker" means any person who:

(a) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly lists, sells, exchanges, buys or rents, manages, or offers or attempts to negotiate a sale, option, exchange, purchase or rental of an interest or estate in real estate, or advertises or holds out as engaged in these activities;

~~(b) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly negotiates or offers or attempts to negotiate a loan, secured or to be secured by a mortgage or other encumbrance on real estate;~~

~~(c) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly lists, sells, exchanges, buys, rents, manages, offers or attempts to negotiate a sale, option, exchange, purchase or rental of any business opportunity or business, or its good will, inventory, or fixtures, or any interest therein;~~

~~(d) (c) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly offers, sells or attempts to negotiate the sale of property that is subject to the registration requirements of chapter 83, concerning subdivided land;~~

~~(e) (d) engages in the business of charging an advance fee or contracting for collection of a fee in connection with any contract whereby the person~~



undertakes to promote the sale of real estate through its listing in a publication issued primarily for this purpose;

(f) (e) engages wholly or in part in the business of selling real estate to the extent that a pattern of real estate sales is established, whether or not the real estate is owned by the person. A person shall be presumed to be engaged in the business of selling real estate if the person engages as principal in five or more transactions during any 12-month period, unless the person is represented by a licensed real estate broker or salesperson;

(g) offers or makes more than five loans secured by real estate during any 12-month period and who is not a bank, savings bank, mutual savings bank, building and loan association, or savings and loan association organized under the laws of this state or the United States, trust company, trust company acting as a fiduciary, or other financial institution subject to the supervision of the commissioner of commerce, or mortgagee or lender approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the Farmers Home Administration, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal National Mortgage Association.

Sec. 21. Minnesota Statutes 1989 Supplement, section 82.18, is amended to read:

#### 82.18 [EXCEPTIONS.]

Unless a person is licensed or otherwise required to be licensed under this chapter, the term real estate broker does not include:

(a) a licensed practicing attorney if the attorney complies in all respects with the trust account provisions of this chapter;

(b) a receiver, trustee, administrator, guardian, executor, or other person appointed by or acting under the judgment or order of any court;

(c) any person owning and operating a cemetery and selling lots therein solely for use as burial plots;

(d) any custodian, janitor, or employee of the owner or manager of a residential building who leases residential units in the building;

(e) any bank, trust company, savings and loan association, industrial loan and thrift company, regulated lender under chapter 56, public utility, or land mortgage or farm loan association organized under the laws of this state or the United States, when engaged in the transaction of business within the scope of its corporate powers as provided by law;

(f) public officers while performing their official duties;

(g) employees of persons enumerated in clauses (b), (e), and (f), when engaged in the specific performance of their duties;

(h) any person who acts as an auctioneer bonded in conformity with section 330.02, when that person is engaged in the specific performance of duties as an auctioneer, and when that person has been employed to auction real estate by a person licensed under this chapter or when the auctioneer has engaged a licensed attorney to supervise the real estate transaction;

(i) any person who acquires real estate for the purpose of engaging in and does engage in, or who is engaged in the business of constructing

residential, commercial or industrial buildings for the purpose of resale if no more than 25 such transactions occur in any 12-month period and the person complies with section 82.24;

(j) any person who offers to sell or sells an interest or estate in real estate which is a security registered pursuant to chapter 80A, when acting solely as an incident to the sale of these securities;

(k) any person who offers to sell or sells a business opportunity which is a franchise registered pursuant to chapter 80C, when acting solely to sell the franchise;

(l) any person who contracts with or solicits on behalf of a provider a contract with a resident or prospective resident to provide continuing care in a facility, pursuant to the Continuing Care Facility Disclosure and Rehabilitation Act (chapter 80D), when acting solely as incident to the contract;

(m) any broker-dealer or agent of a broker-dealer when participating in a transaction in which all or part of a business opportunity or business, including any interest therein, is conveyed or acquired pursuant to an asset purchase, merger, exchange of securities, or other business combination, if the agent or broker-dealer is licensed pursuant to chapter 80A;

(n) an accountant acting incident to the practice of the accounting profession if the accountant complies in all respects with the trust account provisions of this chapter; and

*(o) any mortgage lender or mortgage broker licensed under sections 1 to 19 while engaged in the activities for which the license is required."*

Page 2, after line 23, insert:

"Sec. 23. [APPROPRIATION.]

*\$109,000 is appropriated from the general fund to the commissioner of commerce to administer sections 1 to 19. \$67,000 is for fiscal year 1991 and \$42,000 is for fiscal year 1992. The approved complement of the department of commerce is increased by one position.*

Sec. 24. [REPEALER.]

*Minnesota Statutes 1988, section 82.175, is repealed.*

Sec. 25. [EFFECTIVE DATE.]

*Sections 1 to 21 and 24 are effective January 1, 1991. Section 23 is effective July 1, 1990."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2704 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Adkins	Decker	Gustafson	McQuaid	Ramstad
Anderson	DeCramer	Knaak	Merriam	Renneke
Beckman	Dicklich	Kroening	Moe, D.M.	Solon
Belanger	Diessner	Laidig	Moe, R.D.	Storm
Bernhagen	Flynn	Lantry	Morse	Stumpf
Bertram	Frank	Larson	Novak	Vickerman
Chmielewski	Frederick	Lessard	Olson	
Cohen	Frederickson, D.J.	Luther	Pariseau	
Dahl	Frederickson, D.R.	Marty	Piepho	
Davis	Freeman	McGowan	Pogemiller	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Lessard moved that S.F. No. 2489 be taken from the table. The motion prevailed.

S.F. No. 2489: A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited land in Koochiching and Lincoln counties; authorizing the private sale of certain state lands in Scott, Hubbard, and Fillmore counties; appropriating proceeds of the Scott county conveyance; authorizing the sale of certain surplus land in Lake county; authorizing the sale of certain trust fund land in St. Louis county; authorizing the sale of surplus land in Grant county for recreational purposes; authorizing the sale of certain wildlife land in Washington county to independent school district No. 834.

### CONCURRENCE AND REPASSAGE

Mr. Lessard moved that the Senate concur in the amendments by the House to S.F. No. 2489 and that the bill be placed on its repassage as amended.

Mr. Merriam moved that the Senate do not concur in the amendments by the House to S.F. No. 2489, 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.

### CALL OF THE SENATE

Mr. Dicklich imposed a call of the Senate for the balance of the proceedings on S.F. No. 2489. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Merriam.

The roll was called, and there were yeas 4 and nays 55, as follows:

Messrs. Dahl, Laidig, Merriam and Moe, D.M. voted in the affirmative.

Those who voted in the negative were:

Adkins	Davis	Gustafson	Marty	Pogemiller
Anderson	Decker	Hughes	McGowan	Purfeerst
Beckman	DeCramer	Johnson, D.E.	McQuaid	Ramstad
Belanger	Dicklich	Johnson, D.J.	Metzen	Renneke
Benson	Diessner	Knutson	Moe, R.D.	Samuelson
Berglin	Flynn	Kroening	Morse	Schmitz
Bernhagen	Frank	Langseth	Novak	Solon
Bertram	Frederick	Lantry	Olson	Storm
Brandl	Frederickson, D.J.	Larson	Pariseau	Stumpf
Chmielewski	Frederickson, D.R.	Lessard	Piepho	Vickerman
Cohen	Freeman	Luther	Piper	Waldorf

The motion did not prevail.

The question recurred on the adoption of the motion of Mr. Lessard. The motion prevailed.

S.F. No. 2489 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 2, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Freeman	Marty	Purfeerst
Anderson	Dahl	Gustafson	McGowan	Ramstad
Beckman	Davis	Hughes	McQuaid	Renneke
Belanger	Decker	Johnson, D.E.	Metzen	Samuelson
Benson	DeCramer	Johnson, D.J.	Moe, R.D.	Schmitz
Berg	Dicklich	Knutson	Morse	Solon
Berglin	Diessner	Laidig	Novak	Storm
Bernhagen	Flynn	Langseth	Olson	Stumpf
Bertram	Frank	Lantry	Pariseau	Vickerman
Brandl	Frederick	Larson	Piepho	
Brataas	Frederickson, D.J.	Lessard	Piper	
Chmielewski	Frederickson, D.R.	Luther	Pogemiller	

Messrs. Merriam and Moe, D.M. voted in the negative.

So the bill, as amended, 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. 1873: Mr. Cohen, Ms. Reichgott and Mr. Laidig.

S.F. No. 2018: Mrs. Lantry, Mr. Diessner, Mrs. McQuaid, Ms. Reichgott and Mr. Purfeerst.

H.F. No. 2419: Messrs. Kroening; Merriam; Luther; Frederickson, D.R. and Lessard.

H.F. No. 2651: Messrs. Freeman, Merriam, Waldorf, Benson and Moe, R.D.

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 1:30 p.m. The motion prevailed.

The hour of 1:30 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.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

### 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. 2527: A bill for an act relating to agriculture; establishing an agricultural liming material law; appropriating money; prescribing penalties; proposing coding for new law as Minnesota Statutes, chapter 18F.

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. 2055: A bill for an act relating to appropriations; providing refunds of bond allocation deposits; appropriating money.

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. 2248: A bill for an act relating to education; entering the Midwestern Higher Education Compact; providing the appointment of members; proposing coding for new law in Minnesota Statutes, chapter 135A.

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. 1896: A bill for an act relating to health; providing exemptions from the infectious waste control act; requiring hospitals to accept certain infectious waste; modifying standards for ambulance drivers; requiring adoption of rules setting new standards for recertification of and upgrading to emergency care course certificates; increasing reimbursement for volunteers; authorizing an emergency medical services advisory committee;

exempting ambulances from vehicle license fees, registration, and excise taxes; regulating the provision of special transportation services; requiring studies; increasing medical assistance rates for ambulance services; creating a loan forgiveness program for medical students; providing nursing scholarships; creating a loan forgiveness program for advanced practice nurses; providing funding for summer medical interns; encouraging rural medical school applicants; requiring a study of medical assistance reimbursement for physicians; increasing participation in the rural physicians associates program; creating a rural hospital planning and transition grant program; creating a rural hospital subsidy fund; requiring a study of rural health professionals; allowing counties authority to exceed levy limits; appropriating money and increasing the complement; amending Minnesota Statutes 1989 Supplement, sections 116.76, subdivision 9; 116.78, by adding subdivisions; 144.804, subdivisions 1 and 7; 144.809; 144.8091; 168.012, subdivision 1; 168.013, subdivision 1a; and 297B.03; Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 136A; 144; 147; and 174.

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

Page 3, line 4, after the period, insert "*A hospital that accepts infectious waste under this subdivision is not subject to section 116.79, subdivision 4.*"

Page 7, after line 18, insert:

*"(c) Members of the committee must be compensated for expenses."*

Page 7, line 19, delete "(c)" and insert "(d)"

Pages 7 to 10, delete sections 9 and 10

Pages 11 and 12, delete sections 12 and 13

Pages 13 and 14, delete section 17

Page 14, delete section 19

Page 14, delete lines 32 to 35

Page 14, line 36, delete "\$ . . . . ." and insert "\$100,000"

Renumber the sections of article 1 in sequence

Pages 15 to 17, delete sections 1 and 2

Pages 19 to 21, delete sections 4 and 5

Page 22, delete sections 8 to 10

Renumber the sections of article 2 in sequence

Page 23, line 21, delete "*United States Code*" and insert "*Code of Federal Regulations*"

Page 23, line 22, delete "405.1041" and insert "412.62(f)"

Page 23, line 25, delete "and"

Page 23, after line 25, insert:

*"(3) has experienced net income losses in at least two of the three most recent consecutive hospital fiscal years for which audited financial information is available; and"*

Page 23, line 26, delete "(3)" and insert "(4)"

Page 25, line 22, delete "defined" and insert "eligible to be classified"

Page 25, lines 23 and 24, delete "section 1886(d)(5)(c)ii of the Social Security Act" and insert "Code of Federal Regulations, title 42, section 412.92."

Page 25, delete line 25 and insert "in the two most recent hospital fiscal years prior to calendar year 1988 for which audited financial"

Pages 25 and 26, delete section 4

Page 31, delete section 6 and insert:

"Sec. 5. [APPROPRIATION.]

*\$150,000 is appropriated from the general fund to the commissioner of health for the fiscal year ending June 30, 1992. Of this amount, \$50,000 is for rural hospital planning and transition grants under section 2 and \$100,000 is for the rural hospital assistance fund established in section 3."*

Renumber the sections of article 3 in sequence

Amend the title as follows:

Page 1, delete line 10

Page 1, line 11, delete everything before "regulating"

Page 1, line 13, delete everything after the semicolon

Page 1, delete lines 14 to 17

Page 1, line 18, delete "medical interns;"

Page 1, line 20, delete "increasing participation"

Page 1, line 21, delete everything before "creating"

Page 1, line 23, delete "requiring a"

Page 1, line 24, delete everything before "allowing"

Page 1, line 26, delete everything before the semicolon

Page 1, line 29, delete "168.012,"

Page 1, delete line 30

Page 1, line 33, delete "147;"

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. 2178: A bill for an act relating to peace officer education; requiring the POST board and the state higher education boards to study ways of restructuring professional peace officer education programs to include a requirement for a baccalaureate degree; requiring a report to the legislature; increasing the percentage of penalty assessments funds allocated for skills course reimbursement; amending Minnesota Statutes 1988, section 626.86; and Minnesota Statutes 1989 Supplement, section 626.861, subdivision 4.

Reports the same back with the recommendation that the bill be amended

as follows:

Pages 1 and 2, delete section 2

Page 2, after line 28, insert:

“Sec. 3. [REPEALER.]

*Minnesota Statutes 1989 Supplement, section 626.861, subdivision 4, is repealed.”*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 10, delete “and” and insert “repealing”

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. 1860: A bill for an act relating to domestic abuse; authorizing courts to exclude a respondent from the place of employment of a petitioner in an order for protection; clarifying the probable cause arrest provision for violations of orders for protection; authorizing bonds to ensure compliance with orders for protection; authorizing referrals to prosecuting authorities for violations of orders for protection; improving prosecutorial procedures in domestic abuse cases; requiring the commissioner of public safety to study the feasibility and costs of a statewide computerized data base on domestic abuse; requiring a report; appropriating money; amending Minnesota Statutes 1988, sections 518B.01, subdivisions 6, 7, and 14; and 611A.0315, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 611A.

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

Page 8, delete section 7

Amend the title as follows:

Page 1, lines 13 and 14, 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. 2030: A bill for an act relating to traffic regulations; requiring annual inspections of commercial motor vehicles; providing for the certification of persons to conduct annual inspections; requiring daily pre-trip inspections; requiring post-accident inspections; prescribing fees; providing penalties; amending Minnesota Statutes 1988, sections 221.031, subdivision 1, and by adding a subdivision; 221.221, subdivisions 2 and 3; and 221.605, subdivision 1; Minnesota Statutes 1989 Supplement, section 221.031, subdivision 2a; proposing coding for new law in Minnesota Statutes, chapter 169.

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

Page 1, line 24, before the period, insert “, *or a bus operated by the*



*metropolitan transit commission created in section 473.404 or by a local transit commission created in chapter 458A"*

Page 9, line 17, delete "*Notwithstanding*"

Page 9, line 18, delete everything before "*for*"

Page 10, line 24, delete the headnote and insert "[APPROPRIATION.]

*\$263,000 is appropriated from the trunk highway fund to the commissioner of public safety for the purposes of this act, to be available for the fiscal year ending June 30, 1991."*

Page 10, lines 28 and 29, delete ", and increased by four state trooper positions to administer a four-vehicle combination program"

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. 1674: A bill for an act relating to agriculture; providing grasshopper control; authorizing the commissioner to exempt certain lands from grasshopper control; exempting certain persons from losses relating to grasshopper control; clarifying when public utilities are subject to grasshopper control; providing for notices for control and approval of grasshopper control costs; authorizing levies; appropriating money; amending Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 18; repealing Minnesota Statutes 1989 Supplement, section 18.0226.

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

Page 2, line 2, delete "(a)"

Page 2, line 4, delete everything after the first "*in*"

Page 2, line 5, delete everything before "*a*"

Page 3, line 3, delete "*and occupants,*" and insert "*, and to occupants*"

Page 3, line 8, delete "*of*" and insert "*with the names of the owners*"

Page 3, line 9, delete "*with the*"

Page 3, line 10, delete everything before the period

Page 3, line 19, delete "*is*" and insert "*to be*"

Page 4, line 4, delete "*of*"

Page 4, line 34, delete "(a)"

Page 5, line 3, delete the paragraph coding and delete "(b)"

Page 5, line 4, delete "*purposes*" and insert "*purpose*"

Page 10, line 15, delete from the semicolon through page 10, line 18, to "2"

Page 11, delete lines 5 to 16 and insert:

*“\$500,000 is appropriated from the general fund to a special contingent account for grasshopper control activities and other drought-related projects. The appropriation is available only with the approval of the governor after consultation with the legislative advisory commission as provided in Minnesota Statutes, section 3.30.”*

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. 1894: A bill for an act relating to environment and natural resources; amending provisions relating to water management organizations; providing legislative commission oversight of the metropolitan water management act; authorizing management and financing of drainage systems under certain laws; clarifying water management purposes; authorizing counties to remove watershed district managers for just cause; authorizing a technical advisory committee; requiring watershed management organizations to prepare newsletters, annual reports, and audits; providing for preparation of watershed plans and implementation of plans; providing penalties for not implementing plans; authorizing and directing the board of water and soil resources to adopt rules; providing for appeal of plan failures; providing for requests for proposals for certain services; authorizing accumulation of levy proceeds; requiring a draining system report; appropriating money; amending Minnesota Statutes 1988, sections 110B.28; 110B.30; 112.42, by adding a subdivision; 473.875; 473.876, by adding a subdivision; 473.877, subdivision 1; 473.878, subdivisions 1, 1a, 2, 3, 4, 8, and by adding subdivisions; 473.879, subdivision 2; 473.881; 473.882, subdivision 1; and 473.883, subdivisions 3 and 7; Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 112 and 473.

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

Page 12, delete section 18

Page 13, line 9, strike everything after “law”

Page 13, strike line 10

Page 13, line 11, strike everything before the period

Page 16, delete lines 5 and 6 and insert:

*“\$45,000 previously appropriated from the general fund to the board of water and soil resources for fiscal year 1991, including appropriations in Laws 1989, chapters 269, section 9; and 326, article 10, section 1, subdivision 4, either for administrative costs or for grants, is available to be used to carry out this act. The approved complement of the board of water and soil resources is increased by one position.”*

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. 2045: A bill for an act relating to judicial administration; proposing an amendment to the Minnesota Constitution, articles VI and VIII, creating a court of compensation appeals; abolishing the workers' compensation court of appeals; providing for designation by the governor of the chief judge of the workers' compensation court of appeals; regulating the administration of the workers' compensation court of appeals; appropriating money; amending Minnesota Statutes 1988, sections 3C.11, subdivision 3; 3C.12, subdivision 2; 5.08, subdivision 2; 10A.01, subdivision 19; 14.03, subdivision 2; 15A.082, subdivisions 1 and 3; 15A.083, subdivision 7; 43A.18, subdivision 3; 43A.27, subdivision 4; 175A.01, subdivision 1; 175A.02; 175A.07, subdivision 4; 176.421, subdivisions 5, 6, and by adding a subdivision; 204B.06, subdivisions 4 and 6; 204B.11, subdivision 1; 204B.34, subdivision 3, 204B.36, subdivision 4; 204D.02, subdivision 1; 204D.08, subdivision 6; 209.01, subdivision 2; 268.10, subdivision 8; 268.12, subdivision 13; 480.052; 480.054; 480.055, subdivision 1; 480.19; 480A.06, subdivision 3; 481.02, subdivisions 3 and 6; 490.15, subdivision 1; and 574.18; Minnesota Statutes 1989 Supplement, sections 10A.01, subdivisions 5 and 18; 357.08; proposing coding for new law as Minnesota Statutes, chapter 480B; repealing Minnesota Statutes 1988, sections 175A.01 to 175A.10; and 176.471.

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

Page 7, after line 2, insert:

*"Subd. 5. If the amendment is adopted, Article VI, section 7, of the Minnesota Constitution will read as follows:*

*Sec. 7. The term of office of all judges shall be six years and until their successors are qualified, except that the first term of the initial judges of the court of compensation appeals may be less than six years, as prescribed by law. They shall be elected by the voters from the area which they are to serve in the manner provided by law."*

Page 7, line 3, delete "5" and insert "6"

Page 10, line 21, before the period, insert "*and as jurisdiction is provided to the court of compensation appeals*"

Page 15, line 7, after the comma, insert "*for the first term,*"

Page 15, line 26, delete "\$ . . . . ." and insert "\$529,000"

Page 15, line 31, delete "\$ . . . . ." and insert "\$75,000" and delete "*general*" and insert "*special compensation*"

Page 15, line 32, delete "*supreme court*" and insert "*court of compensation appeals*"

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

## SECOND READING OF SENATE BILLS

S.F. Nos. 2527, 2055, 2248, 1896, 2178, 1860, 2030, 1674, 1894 and 2045 were read the second time.

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. Lessard introduced—

S.F. No. 2634: A bill for an act relating to taxation; providing an income tax credit for residential sprinkler systems; amending Minnesota Statutes 1988, section 290.06, by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1918 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 1918: A bill for an act relating to waste; providing for criminal and civil penalties for violations of pretreatment standards and requirements in the metropolitan area and for violations in the Western Lake Superior Sanitary District; amending Laws 1971, chapter 478, section 17, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 473.

Mr. Dahl moved to amend H.F. No. 1918, as amended pursuant to Rule 49, adopted by the Senate March 23, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2205.)

Page 1, after line 9, insert:

“Section 1. Minnesota Statutes 1988, section 115A.97, subdivision 4, is amended to read:

Subd. 4. [INTERIM PROGRAM.] (a) Incinerator ash is considered special waste for an interim period which expires on the occurrence of the earliest of the following events:

(1) The United States Environmental Protection Agency establishes testing and disposal requirements for incinerator ash;

(2) The agency adopts the rules required in subdivision 3; or

(3) June 30, ~~1990~~ 1992.

(b) As a special waste incinerator ash must be stored separately from mixed municipal solid waste with adequate controls to protect the environment as provided in agency permits. For the interim period, the agency, in cooperation with generators of incinerator ash and other interested parties, shall establish a temporary program to test, monitor, and store incinerator ash. 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. Incinerator ash stored during the interim is subject to the rules

adopted pursuant to subdivision 3 and to the provisions of chapter 115B.”

Renumber the sections in sequence and correct the internal references  
Amend the title accordingly

Mr. Bernhagen moved to amend the Dahl amendment to H.F. No. 1918 as follows:

Page 1, line 17, delete “1992” and insert “1991”

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

The question recurred on the Dahl amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

H.F. No. 1918 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 50 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	Marty	Pariseau
Anderson	Davis	Johnson, D.E.	McGowan	Pehler
Beckman	Decker	Knaak	McQuaid	Piper
Benson	DeCramer	Knutson	Mehrkens	Ramstad
Berg	Diessner	Kroening	Merriam	Reichgott
Berglin	Flynn	Laidig	Metzen	Renneke
Bernhagen	Frank	Langseth	Moe, D.M.	Solon
Bertram	Frederick	Larson	Moe, R.D.	Spear
Brandl	Frederickson, D.J.	Lessard	Morse	Storm
Cohen	Frederickson, D.R.	Luther	Olson	Vickerman

Mr. Piepho voted in the negative.

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 824 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 824: A bill for an act relating to environment; requiring recycling of CFCs under certain conditions; providing an exemption for medical devices; prohibiting the sale of certain motor vehicle coolants and certain solvents; providing a sales tax exemption; requiring facilities to file reports on certain CFCs to the emergency response commission; requiring recapture and recycling of halons from fire extinguishers; amending Minnesota Statutes 1988, sections 116.70, subdivision 1; 297A.25, by adding a subdivision; Minnesota Statutes 1989 Supplement, section 299K.08, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 116 and 325E.

Mr. Dahl moved to amend S.F. No. 824 as follows:

Page 2, line 9, after “*recycle*” insert “, *destroy, or properly dispose of*”

Page 2, line 15, before “A” insert “(a)”

Page 2, after line 19, insert:

“(b) *The recovered CFCs may be properly disposed of or destroyed.*”

Page 3, delete sections 8 and 9

Page 3, after line 34, insert:

*"Subd. 6. [APPLICABILITY TO NEW CHEMICALS.] For each new chemical added to section 116.70, subdivision 3, after the effective date of this act, the application of this section to the new chemical is effective on the date specified for elimination of production of that chemical in the Montreal Treaty."*

Page 4, line 1, after "10" insert ", subdivisions 1, 3, and 4,"

Page 4, line 3, delete everything after the first period and insert "Section 10, subdivision 2, is effective January 1, 1994."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 824 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Mehrkens	Ramstad
Anderson	Decker	Knutson	Merriam	Reichgott
Beckman	DeCramer	Kroening	Metzen	Renneke
Benson	Diessner	Laidig	Moe, D.M.	Schmitz
Berg	Flynn	Langseth	Moe, R.D.	Solon
Berglin	Frank	Lantry	Morse	Spear
Bernhagen	Frederick	Larson	Olson	Storm
Bertram	Frederickson, D.J.	Lessard	Pariseau	Vickerman
Brandl	Frederickson, D.R.	Luther	Pehler	
Chmielewski	Freeman	Marty	Piepho	
Cohen	Hughes	McGowan	Piper	
Dahl	Johnson, D.E.	McQuaid	Purfeerst	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Freeman moved that the following members be excused for a Conference Committee on H.F. No. 2651 at 4:00 p.m.:

Messrs. Benson; Merriam; Moe, R. D.; Waldorf and Freeman. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2666 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 2666: A bill for an act relating to elections; limiting campaign expenditures by congressional candidates who choose to receive a public subsidy for their campaigns; limiting certain contribution receipts by congressional candidates; clarifying and modifying certain exceptions to

multicandidate political party expenditure limitations; modifying lobbyist reporting requirements; expanding certain reports by certain political committees and political funds; discontinuing the state ethical practices board's responsibility for developing and furnishing certain forms; providing an income tax credit for contributions to state candidates and political parties; limiting contributions and solicitations during a regular legislative session; providing a public subsidy for legislative candidates in special elections; requiring candidates to match funds received from the state elections campaign fund; requiring deer licenses to include an application for absentee ballots; requiring county auditors to provide a sample ballot for classroom use; specifying a time period for preparing a candidate's affidavit; providing penalties; amending Minnesota Statutes 1988, sections 10A.01, subdivisions 7 and 10b; 10A.02, subdivision 1; 10A.04, subdivisions 2, 4, and 4a; 10A.05; 10A.20, subdivision 3; 10A.24; 10A.25, subdivision 10, and by adding a subdivision; 10A.255, by adding a subdivision; 10A.27, subdivisions 1 and 4; 10A.275; 10A.28, subdivision 1; 10A.30, subdivision 2; 10A.33; 97A.485, by adding a subdivision; 204B.09, subdivision 1; 204D.03, subdivision 1; 290.06, by adding a subdivision; and 383B.055, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 10A; and 204D; repealing Minnesota Statutes 1988, sections 10A.27, subdivision 5; 10A.32, subdivisions 1, 2, 3, and 4; and 211B.11, subdivision 2; Minnesota Statutes 1989 Supplement, section 10A.32, subdivision 3a.

Mr. Luther moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 21, line 8, before "*general*" insert "*party and*" and delete "*account*" and insert "*accounts*"

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 33, line 15, delete "*board copies of*" and insert "*secretary of state*"

Page 33, line 18, delete "*reports must be filed with*" and insert "*secretary of state shall forward copies of the reports, within 30 days after they are received, to*" and after "*board*" insert a period

Page 33, delete lines 19 and 20

The motion prevailed. So the amendment was adopted.

### CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on H.F. No. 2666. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Luther then moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 26, after line 11, insert:

"Section 1. [10A.40] [LEGISLATIVE FINDINGS OF FACT; LEGISLATIVE INTENT.]

*Subdivision 1. [CAMPAIGN FINANCING; FINDINGS OF FACT.] The*

legislature finds that:

(1) the spending on campaigns for congressional offices has increased dramatically and continues to rise;

(2) candidates have increasingly turned to special interest groups for sources of funding in order to finance their costly campaigns;

(3) the need to raise funds requires time and energy during a campaign that would be better spent publicly debating the pressing issues of the day;

(4) the influence of special interest groups on elected officials has undermined representation of the public at large; and

(5) as a consequence, the quality of campaigns and representation by elected officials is jeopardized and the public's confidence in elected representatives is weakened.

*Subd. 2. [PURPOSE.] (a) The legislature finds that in order to redress the problems described in subdivision 1, it is necessary to provide an alternate means of financing campaigns for United States Congress and to encourage candidates to voluntarily limit the amount of money they spend in campaigns. The legislature further finds that the United States Congress has debated necessary reforms for years but has failed to act, and that the Federal Elections Campaign Act does not provide an alternate means of financing for congressional campaigns and presents no means to encourage congressional candidates to voluntarily limit the amount of money they spend in campaigns.*

*(b) This article is intended to address the problems described in subdivision 1 as follows:*

*(1) by establishing voluntary limitations on campaign spending, the increase in campaign spending will be curtailed;*

*(2) by providing an alternate source of financing, candidates will be less dependent on special interests;*

*(3) by providing for an agreement to limit spending, candidates are left to decide whether they choose to enter into an agreement or continue to operate under the current system of financing campaigns;*

*(4) by allowing candidates to focus on the issues in the campaign, the public will be better served in its efforts to select the better candidate; and*

*(5) by reducing the influence of special interest groups, the confidence of the public in their public servants will be enhanced."*

*Subd. 3. [LEGISLATIVE INTENT.] In enacting this article, the legislature intends to provide a system to encourage voluntary campaign spending limits that, in concert with the existing federal law and rules, will provide a comprehensive system of campaign and election regulation. The legislature does not intend to enact legislation that is in conflict with existing federal law, and does not intend to regulate where specific federal laws have already been enacted."*

Page 26, line 14, after the period, insert "Where consistent with federal law,"

Page 26, line 15, delete everything after "11" and insert a period

Page 26, delete line 16



Renumber the sections of article 4 in sequence and correct the internal references

Amend the title accordingly

Mr. Berg requested a division of the amendment as follows:

First portion:

Page 26, after line 11, insert:

“Section 1. [10A.40] [LEGISLATIVE FINDINGS OF FACT; LEGISLATIVE INTENT.]

*Subdivision 1. [CAMPAIGN FINANCING; FINDINGS OF FACT.] The legislature finds that:*

*(1) the spending on campaigns for congressional offices has increased dramatically and continues to rise;*

*(2) candidates have increasingly turned to special interest groups for sources of funding in order to finance their costly campaigns;*

*(3) the need to raise funds requires time and energy during a campaign that would be better spent publicly debating the pressing issues of the day;*

*(4) the influence of special interest groups on elected officials has undermined representation of the public at large; and*

*(5) as a consequence, the quality of campaigns and representation by elected officials is jeopardized and the public's confidence in elected representatives is weakened.*

*Subd. 2. [PURPOSE.] (a) The legislature finds that in order to redress the problems described in subdivision 1, it is necessary to provide an alternate means of financing campaigns for United States Congress and to encourage candidates to voluntarily limit the amount of money they spend in campaigns. The legislature further finds that the United States Congress has debated necessary reforms for years but has failed to act, and that the Federal Elections Campaign Act does not provide an alternate means of financing for congressional campaigns and presents no means to encourage congressional candidates to voluntarily limit the amount of money they spend in campaigns.*

*(b) This article is intended to address the problems described in subdivision 1 as follows:*

*(1) by establishing voluntary limitations on campaign spending, the increase in campaign spending will be curtailed;*

*(2) by providing an alternate source of financing, candidates will be less dependent on special interests;*

*(3) by providing for an agreement to limit spending, candidates are left to decide whether they choose to enter into an agreement or continue to operate under the current system of financing campaigns;*

*(4) by allowing candidates to focus on the issues in the campaign, the public will be better served in its efforts to select the better candidate; and*

*(5) by reducing the influence of special interest groups, the confidence of the public in their public servants will be enhanced.”*

Page 26, line 14, after the period, insert “*Where consistent with federal law,*”

Page 26, line 15, delete everything after “*!*” and insert a period

Page 26, delete line 16

Renumber the sections of article 4 in sequence and correct the internal references

Amend the title accordingly

Second portion:

“*Subd. 3. [LEGISLATIVE INTENT.] In enacting this article, the legislature intends to provide a system to encourage voluntary campaign spending limits that, in concert with the existing federal law and rules, will provide a comprehensive system of campaign and election regulation. The legislature does not intend to enact legislation that is in conflict with existing federal law, and does not intend to regulate where specific federal laws have already been enacted.*”

The question was taken on the adoption of the first portion of the amendment.

The roll was called, and there were yeas 28 and nays 20, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Hughes	Merriam	Schmitz
Beckman	Diessner	Kroening	Morse	Solon
Bertram	Flynn	Langseth	Pehler	Spear
Brandl	Frank	Lantry	Pogemiller	Vickerman
Chmielewski	Frederickson, D.J.	Luther	Purfeerst	
Cohen	Freeman	Marty	Reichgott	

Those who voted in the negative were:

Anderson	Decker	Knaak	McQuaid	Piepho
Benson	Frederick	Laidig	Mehrkens	Ramstad
Berg	Frederickson, D.R.	Larson	Olson	Renneke
Bernhagen	Johnson, D.E.	McGowan	Pariseau	Storm

The motion prevailed. So the first portion of the amendment was adopted.

The question was taken on the adoption of the second portion of the amendment.

The roll was called, and there were yeas 31 and nays 16, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Hughes	McGowan	Schmitz
Beckman	Diessner	Johnson, D.E.	Merriam	Spear
Berg	Flynn	Kroening	Morse	Vickerman
Bertram	Frank	Langseth	Pehler	
Brandl	Frederickson, D.J.	Lantry	Pogemiller	
Chmielewski	Frederickson, D.R.	Luther	Reichgott	
Cohen	Gustafson	Marty	Renneke	

Those who voted in the negative were:

Anderson	Decker	Laidig	Mehrkens	Piepho
Belanger	Frederick	Larson	Olson	Ramstad
Benson	Knaak	McQuaid	Pariseau	Storm
Bernhagen				

The motion prevailed. So the second portion of the amendment was adopted.

Mr. Pogemiller moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 36, after line 29, insert:

“ARTICLE 7

JUDICIAL SELECTION

Section 1. [480B.01] [COMMISSION ON JUDICIAL SELECTION.]

*Subdivision 1. [JUDICIAL VACANCIES.] When a judge of the court of appeals or district court dies, resigns, retires, or is removed during the judge's term of office, or when a new district or appellate judgeship is created, the resulting vacancy must be filled by the governor as provided in this section.*

*Subd. 2. [COMMISSION ESTABLISHED; MEMBERS.] A commission on judicial selection is established. It is composed of permanent members chosen as described in paragraphs (a) to (d):*

*(a) The governor shall appoint seven at-large members to the commission who serve at the pleasure of the governor. The governor shall appoint one of these members as chair of the commission. The chair may but does not have to be an attorney. The governor may appoint attorneys to fill no more than two of the remaining six-member positions.*

*(b) A majority of the justices of the supreme court shall appoint two at-large members to the commission to serve four-year terms, ending on the same day the governor's term of office ends. The justices of the supreme court may appoint attorneys to fill no more than one of the two-member positions.*

*(c) The governor shall appoint two district members to the commission in each judicial district who serve at the pleasure of the governor. The governor may appoint an attorney to fill no more than one of the two-member positions.*

*(d) The chief judge in each judicial district shall appoint two district members to the commission from the district to serve four-year terms, ending on the same day the governor's term of office ends. The chief judge may appoint an attorney to fill no more than one of the two-member positions.*

*(e) The appointing authorities shall ensure that the permanent members of the commission include women and minorities.*

*Subd. 3. [PARTICIPATION IN MEETINGS.] Individuals appointed as district members under subdivision 2, paragraphs (c) and (d), may participate in commission meetings and deliberations only when the commission is considering applicants to fill a vacancy on the district court in the judicial district from which those individuals were appointed.*

*Subd. 4. [VACANCIES.] If a vacancy occurs on the commission by reason of the death or resignation of a member or by the removal of a member appointed under subdivision 2, the appointing or electing authority shall appoint or elect an individual to fill the vacancy for the unexpired term.*

*Subd. 5. [QUORUM.] A quorum of the commission is nine members when considering district court vacancies and seven members when considering court of appeals vacancies.*

*Subd. 6. [TEMPORARY INELIGIBILITY FOR VACANCY.] Members of the commission who would otherwise be eligible to hold judicial office may not be considered or appointed to fill a judicial vacancy while they are members of the commission or for one year following the end of their membership on the commission.*

*Subd. 7. [RECRUITMENT PROCESS.] No later than 60 days after the appointment of all of the at-large and district commission members, the commission shall prepare and make available to the public and file with the clerk of the court of appeals and the secretary of state an outline of the process the commission will follow in recruiting and evaluating candidates to fill judicial vacancies. The commission shall actively seek out and encourage qualified individuals, including women and minorities, to apply for judicial offices.*

*Subd. 8. [CANDIDATE EVALUATION.] The commission shall evaluate the extent to which candidates have the following qualifications for judicial office: integrity, maturity, health, judicial temperament, diligence, legal knowledge, ability and experience, and community service. The commission shall give consideration to women and minorities. If the vacancy has occurred or will occur in the district court, the commission shall solicit, in writing, recommendations from attorney associations in the judicial district and from those organizations that represent minority or women attorneys in the judicial district who have requested solicitation.*

*Subd. 9. [COMMISSION MEETINGS; NOTICE; TIME.] Within ten days after a judicial vacancy occurs or after the governor has been notified that a vacancy will occur on a named date, the governor shall notify the chair of the commission on judicial selection. The chair shall notify the appropriate at-large and district members of the commission that a vacancy has occurred or will occur and shall call a meeting of the commission to consider the candidates for the vacancy. The meeting must be held not less than 30 days nor more than 42 days after the governor provides notification of the vacancy.*

*Subd. 10. [NOTICE TO THE PUBLIC.] Upon receiving notice from the governor that a judicial vacancy has occurred or will occur on a specified date, the chair shall provide notice of the following information:*

- (1) the office that is or will be vacant;*
- (2) that applications from qualified persons or on behalf of qualified persons are being accepted by the commission;*
- (3) that application forms may be obtained from the governor or the commission at a named address; and*
- (4) that application forms must be returned to the commission by a named date, which must be three days before the first meeting of the commission called by the chair to consider candidates.*

*If the vacancy has occurred or will occur on the court of appeals, the notice must be made available to attorney associations in each judicial district and to at least one newspaper of general circulation in each county in the state. If the vacancy has occurred or will occur in the district court, the notice must be made available to attorney associations in the judicial district where the vacancy has occurred or will occur and to at least one newspaper of general circulation in each county in the district.*

*Subd. 11. [NOMINEES TO GOVERNOR.] Within 30 days after the first*

*meeting of the commission to consider candidates, the committee shall recommend to the governor no fewer than three and no more than five nominees for each judicial vacancy. The nominees must be submitted in alphabetical order. The list of nominees must identify nominees as having consented to nomination rather than having applied. The names of the nominees must be made public. The governor may fill the vacancy from the nominees recommended by the commission.*

*If the governor declines to select a nominee to fill the vacancy from the first list of nominees, the governor shall request a second list of nominees from the commission. If the governor declines to select a nominee to fill the vacancy from the second list, the governor may select a person to fill the vacancy without regard to the commission's recommendation.*

*Subd. 12. [COMMISSION MEETINGS AND DATA.] Meetings of the commission may be closed to discuss the candidates. The commission shall file an annual tabulation with the governor of the number of applicants for judicial office and the age, sex, and race of applicants.*

**Sec. 2. [EFFECTIVE DATE.]**

*Section 1 is effective January 7, 1991, and applies to vacancies that occur on or after that date."*

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Marty moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 2, delete sections 1 and 2

Renumber the sections of article 1 in sequence and correct the internal references

Page 7, delete section 4

Renumber the sections of article 2 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Marty then moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 2, after line 32, insert:

"Sec. 5. Minnesota Statutes 1988, section 10A.01, is amended by adding a subdivision to read:

*Subd. 27. [PRINCIPAL.] "Principal" means an individual or association that engages a lobbyist, that compensates a lobbyist, or that authorizes the expenditure of money by a lobbyist."*

Page 3, after line 28, insert:

"Sec. 9. Minnesota Statutes 1988, section 10A.04, is amended by adding a subdivision to read:

*Subd. 6. [PRINCIPALS TO REPORT.] Each principal shall report to the board as required in this subdivision by March 15 of each 12-month period in which the principal spends more than \$100 in the aggregate to*

*engage or compensate a lobbyist. Each principal shall report the total amount spent by the principal during the preceding 12 months to influence legislative or administrative action in Minnesota. The principal need not itemize amounts under this subdivision but must report a total that includes:*

(1) *all direct payments by the principal to lobbyists in Minnesota;*

(2) *all expenditures for advertising, mailing, research, analysis, compilation and dissemination of information, and public relations campaigns related to legislative or administrative action in Minnesota; and*

(3) *all salaries and administrative expenses attributable to activities of the principal relating to efforts to influence legislative or administrative action in Minnesota.*

Sec. 10. Minnesota Statutes 1988, section 10A.04, is amended by adding a subdivision to read:

*Subd. 7. [FINANCIAL RECORDS.] The board may randomly audit the financial records of lobbyists and principals required to report under this section."*

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 49 and nays 5, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Gustafson	McQuaid	Piepho
Anderson	Decker	Hughes	Mehrkens	Pogemiller
Beckman	DeCramer	Johnson, D.E.	Merriam	Purfeerst
Belanger	Diessner	Kroening	Metzen	Ramstad
Benson	Flynn	Langseth	Moe, R. D.	Reichgott
Bernhagen	Frank	Lantry	Morse	Schmitz
Bertram	Frederick	Lessard	Novak	Solon
Brandl	Frederickson, D.J.	Luther	Olson	Spear
Chmielewski	Frederickson, D.R.	Marty	Pariseau	Vickerman
Cohen	Freeman	McGowan	Pehler	

Those who voted in the negative were:

Berg	Knaak	Laidig	Larson	Storm
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The motion prevailed. So the amendment was adopted.

Mr. Marty then moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 2, after line 16, insert:

"Sec. 3. Minnesota Statutes 1988, section 10A.01, subdivision 11, is amended to read:

Subd. 11. (a) "Lobbyist" means ~~any~~ *an individual:*

~~(a)~~ (1) *Engaged for pay or other consideration, or authorized to spend money by another individual or association to spend money, political subdivision, or a public higher education system, who spends more than five hours in any month or more than \$250, not including the individual's own travel expenses and membership dues, in any year, for the purpose of*

attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) (2) Who spends more than \$250, not including the individual's own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

(b) "Lobbyist" does not include any:

(a) (1) a public official or ~~employee~~ of the state or any of its;

(2) an employee of the state, including an employee of any of the public higher education systems;

(3) an elected local official; or

(4) a nonelected local official or an employee of a political ~~subdivisions~~ ~~or public bodies~~ subdivision acting in an official capacity, unless the nonelected official or employee of a political subdivision spends more than 50 hours in any month attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials, including time spent monitoring legislative or administrative action and related research, analysis, and compilation and dissemination of information relating to legislative or administrative policy in this state;

(b) (5) a party or the party's representative appearing in a proceeding before a state board, commission or agency of the executive branch unless the board, commission or agency is taking administrative action;

(c) (6) an individual while engaged in selling goods or services to be paid for by public funds;

(d) (7) a news ~~media~~ medium or ~~their~~ its employees or agents while engaged in the publishing or broadcasting of news items, editorial comments or paid advertisements which directly or indirectly urge official action;

(e) (8) a paid expert witness whose testimony is requested by the body before which the witness is appearing, but only to the extent of preparing or delivering testimony;

(f) (9) a stockholder of a family farm corporation as defined in section 500.24, subdivision 2, who does not spend over \$250, excluding the stockholder's own travel expenses, in any year in communicating with public officials; or

(g) (10) a party or the party's representative appearing to present a claim to the legislature and communicating to legislators only by the filing of a claim form and supporting documents and by appearing at public hearings on the claim."

Renumber the sections of article I in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Marty then moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 3, after line 16, insert:

“Sec. 7. Minnesota Statutes 1988, section 10A.04, subdivision 4, is amended to read:

Subd. 4. (a) The report shall include such information as the board may require from the registration form and the following information required by this subdivision for the reporting period:

(a) (b) Each lobbyist shall report the lobbyist’s total disbursements on lobbying and a breakdown of those disbursements into categories specified by the board, including but not limited to the cost of publication and distribution of each publication used in lobbying; other printing; media, including the cost of production; postage; travel; fees, including allowances; entertainment; telephone and telegraph; and other expenses.

(b) (c) Each lobbyist shall report the amount and nature of each honorarium, gift, loan, item or benefit, excluding including contributions to a candidate, equal in value to \$50 \$100 or more during the calendar year, given or paid to any public official by the lobbyist or any employer or any employee of the lobbyist, or solicited by the lobbyist. The list shall include the name and address of each public official to whom the honorarium, gift, loan, item or benefit was given or paid and the date it was given or paid; and.

(c) (d) Each lobbyist shall report each original source of funds in excess of \$500 in any year used for the purpose of lobbying. The list shall include the name, address and employer, or, if self-employed, the occupation and principal place of business, of each payer of funds in excess of \$500.”

Renumber the sections of article 1 in sequence and correct the internal references

Amend the title accordingly

Mr. Benson moved to amend the fourth Marty amendment to H.F. No. 2666 as follows:

Page 1, line 21, delete “\$100” and insert “\$10”

The question was taken on the adoption of the Benson amendment to the Marty amendment.

The roll was called, and there were yeas 23 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.E.	McGowan	Piepho
Belanger	Decker	Knaak	McQuaid	Ramstad
Benson	Frederick	Laidig	Mehrkens	Storm
Berg	Frederickson, D.R.	Larson	Olson	
Bernhagen	Gustafson	Lessard	Pariseau	

Those who voted in the negative were:

Adkins	DeCramer	Hughes	Metzen	Schmitz
Beckman	Dicklich	Johnson, D.J.	Moe, R.D.	Solon
Bertram	Diessner	Kroening	Morse	Spear
Brandl	Flynn	Lantry	Novak	Stumpf
Chmielewski	Frank	Luther	Pehler	Vickerman
Cohen	Frederickson, D.I.	Marty	Purfeerst	
Dahl	Freeman	Merriam	Reichgott	

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

The question recurred on the adoption of the Marty amendment.



The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.J.	McQuaid	Ramstad
Anderson	DeCramer	Knaak	Mehrkens	Reichgott
Beckman	Dicklich	Knutson	Metzen	Renneke
Belanger	Diessner	Kroening	Moe, D.M.	Schmitz
Benson	Flynn	Laidig	Morse	Solon
Bernhagen	Frank	Langseth	Novak	Spear
Bertram	Frederick	Lantry	Olson	Stumpf
Brandl	Frederickson, D.J.	Larson	Pariseau	Vickerman
Brataas	Frederickson, D.R.	Lessard	Pehler	
Chmielewski	Gustafson	Luther	Piepho	
Cohen	Hughes	Marty	Pogemiller	
Dahl	Johnson, D.E.	McGowan	Purfeerst	

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 9, line 12, strike "(e) Payment"

Page 9, line 13, delete the new language and strike the semicolon

Reletter the paragraphs in sequence

Page 9, delete lines 26 to 36 and insert:

*"Subdivision 1. [REGISTERED LOBBYIST CONTRIBUTIONS; LEGISLATIVE SESSION.] A member of the legislature, the member's principal campaign committee, any other political committee with the member's name or title, and a party organization within a house of the legislature shall not solicit or accept a contribution from a registered lobbyist, political committee, or political fund during a regular session of the legislature.*

*Subd. 2. [DEFINITION.] For purposes of this section, "regular session" does not include a special session or the interim between the two annual sessions of a biennium. This section does not prohibit a contribution to a member, committee, or organization made at a fundraising event scheduled in advance to take place after the time for adjournment of a legislative session announced by the speaker of the house of representatives and the majority leader of the senate.*

*Subd. 3. [CIVIL PENALTY.] A member of the legislature, the member's principal campaign committee, any other political committee with the member's name or title, a party organization, or any other person who violates this section is subject to a civil fine."*

Page 10, delete lines 1 to 12

Page 10, delete section 5

Page 16, line 26, delete everything after the first comma

Page 20, after line 27, insert:

"Sec. 26. Minnesota Statutes 1988, section 10A.31, is amended by adding a subdivision to read:

*Subd. 12. A candidate is not eligible for a public subsidy if the candidate has no opponent in the general election."*

Page 23, line 36, delete everything after "contributions"

Page 24, delete line 1

Page 24, line 2, delete “percent or more of” and insert “equal to”

Page 24, line 7, after the period, insert “In addition, a candidate is not eligible to receive money from the state elections campaign fund unless the affidavit states that the total accumulated contributions to the candidate were made by residents of the candidate’s legislative district.”

Pages 25 and 26, delete section 32

Renumber the sections of article 3 in sequence and correct the internal references

Pages 26 to 33, delete article 4

Renumber the articles in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.E.	McGowan	Piepho
Belanger	Decker	Knaak	McQuaid	Ramstad
Benson	Frederick	Knutson	Mehrkens	Renneke
Berg	Frederickson, D.R.	Laidig	Olson	Storm
Bernhagen	Gustafson	Larson	Pariseau	

Those who voted in the negative were:

Adkins	Dahl	Hughes	Marty	Purfeerst
Beckman	DeCramer	Johnson, D.J.	Metzen	Reichgott
Berglin	Dicklich	Kroening	Morse	Schmitz
Bertram	Diessner	Langseth	Novak	Solon
Brandl	Flynn	Lantry	Pehler	Spear
Chmielewski	Frank	Lessard	Piper	Vickerman
Cohen	Frederickson, D.J.	Luther	Pogemiller	

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

Mr. Johnson, D.E. moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Pages 26 to 33, delete article 4

Renumber the articles in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Knaak	McQuaid	Piepho
Beckman	Decker	Knutson	Mehrkens	Ramstad
Belanger	Frederick	Laidig	Merriam	Renneke
Benson	Frederickson, D.R.	Larson	Moe, D.M.	Storm
Berg	Gustafson	Lessard	Olson	Vickerman
Bernhagen	Johnson, D.E.	McGowan	Pariseau	

Those who voted in the negative were:

Adkins	Davis	Freeman	Marty	Purfeerst
Berglin	DeCramer	Hughes	Metzen	Reichgott
Bertram	Dicklich	Johnson, D.J.	Moe, R. D.	Schmitz
Brandl	Diessner	Kroening	Morse	Spear
Chmielewski	Flynn	Langseth	Pehler	Stumpf
Cohen	Frank	Lantry	Piper	Waldorf
Dahl	Frederickson, D.J.	Luther	Pogemiller	

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

Mr. Storm moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 26, line 9, delete "1990" and insert "1992"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.E.	McGowan	Piepho
Belanger	Decker	Knaak	McQuaid	Ramstad
Benson	Frederick	Knutson	Mehrkens	Renneke
Berg	Frederickson, D.R.	Laidig	Olson	Storm
Bernhagen	Gustafson	Larson	Pariseau	

Those who voted in the negative were:

Adkins	Davis	Johnson, D.J.	Moe, D.M.	Spear
Beckman	DeCramer	Kroening	Moe, R. D.	Stumpf
Berglin	Dicklich	Langseth	Morse	Vickerman
Bertram	Diessner	Lantry	Pehler	Waldorf
Brandl	Flynn	Lessard	Piper	
Chmielewski	Frank	Luther	Pogemiller	
Cohen	Frederickson, D.J.	Marty	Reichgott	
Dahl	Freeman	Metzen	Schmitz	

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

Mr. Benson moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 33, delete lines 28 to 30 and insert "*commissioner of human services for the alternative care grant program.*"

Mr. Luther questioned whether the amendment was germane. The President ruled that the amendment was not germane.

Mr. Benson appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

There were yeas 35 and nays 28 as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Hughes	Marty	Pogemiller
Beckman	Dicklich	Johnson, D.J.	Metzen	Purfeerst
Bertram	Diessner	Kroening	Moe, D.M.	Reichgott
Chmielewski	Flynn	Langseth	Moe, R. D.	Samuelson
Cohen	Frank	Lantry	Morse	Schmitz
Dahl	Frederickson, D.J.	Lessard	Pehler	Stumpf
Davis	Freeman	Luther	Piper	Waldorf

Those who voted in the negative were:

Anderson	Brandl	Johnson, D.E.	McQuaid	Renneke
Belanger	Brataas	Knaak	Mehrkens	Spear
Benson	Decker	Knutson	Olson	Storm
Berg	Frederick	Laidig	Pariseau	Vickerman
Berglin	Frederickson, D.R.	Larson	Piepho	
Bernhagen	Gustafson	McGowan	Ramstad	

The decision of the President was sustained.

Mr. Morse moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 32, line 5, after "to" insert "20 percent of" and delete "When a"

Page 32, delete lines 6 and 7

Page 32, line 8, delete everything before "A"

Page 32, line 10, delete everything after "held" and insert a period

Page 32, delete lines 11 and 12

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 36 and nays 24, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Moe, R.D.	Schmitz
Beckman	DeCramer	Kroening	Morse	Spear
Berglin	Dicklich	Lantry	Novak	Stumpf
Bertram	Diessner	Lessard	Pehler	Vickerman
Brandl	Flynn	Luther	Piper	
Chmielewski	Frank	Marty	Pogemiller	
Cohen	Frederickson, D.J.	Metzen	Purförst	
Dahl	Hughes	Moe, D.M.	Reichgott	

Those who voted in the negative were:

Anderson	Brataas	Johnson, D.E.	Larson	Piepho
Belanger	Decker	Knaak	McGowan	Ramstad
Benson	Frederick	Knutson	McQuaid	Renneke
Berg	Frederickson, D.R.	Laidig	Mehrkens	Storm
Bernhagen	Gustafson	Langseth	Pariseau	

The motion prevailed. So the amendment was adopted.

Mr. Frederickson, D.R. moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 33, line 30, after the period, insert "If an eligible candidate does not accept a public subsidy under this article, the amount that the candidate would have received is appropriated to the department of human services for the sliding fee child care program."

Mrs. Lantry questioned whether the amendment was germane. The President ruled that the amendment was germane.

The question was taken on the adoption of the Frederickson, D.R. amendment.

The roll was called, and there were yeas 27 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Knutson	Metzen	Samuelson
Beckman	Decker	Laidig	Olson	Storm
Benson	Frederickson, D.R.	Larson	Pariseau	Vickerman
Berg	Gustafson	McGowan	Piepho	
Bernhagen	Johnson, D.E.	McQuaid	Ramstad	
Bertram	Knaak	Mehrkens	Renneke	

Those who voted in the negative were:

Adkins	Dicklich	Langseth	Novak	Schmitz
Brandl	Diessner	Lantry	Pehler	Solon
Chmielewski	Frederickson, D.J.	Lessard	Piper	Spear
Cohen	Hughes	Luther	Pogemiller	Stumpf
Davis	Johnson, D.J.	Marty	Purfeerst	
DeCramer	Kroening	Morse	Reichgott	

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

Mr. Benson moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 33, after line 25, insert:

“Sec. 13. [ATTORNEY FEES, COSTS, AND DISBURSEMENTS.]

*If a provision of this article is found to be unconstitutional and void, the state shall pay the prevailing party's attorney fees, costs, and disbursements related to the action in which the provision is ruled unconstitutional and void.”*

Renumber the sections of article 4 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Laidig	Olson	Storm
Belanger	Frederick	Larson	Pariseau	
Benson	Frederickson, D.R.	Lessard	Piepho	
Bernhagen	Knaak	McGowan	Ramstad	
Brataas	Knutson	McQuaid	Renneke	

Those who voted in the negative were:

Adkins	Dahl	Johnson, D.J.	Moe, D.M.	Reichgott
Beckman	Davis	Kroening	Morse	Samuelson
Berglin	DeCramer	Langseth	Novak	Schmitz
Bertram	Diessner	Lantry	Pehler	Solon
Brandl	Flynn	Luther	Piper	Spear
Chmielewski	Frank	Marty	Pogemiller	Stumpf
Cohen	Hughes	Metzen	Purfeerst	Vickerman

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

Mr. DeCramer moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 7, after line 28, insert:

“Sec. 6. Minnesota Statutes 1988, section 10A.09, is amended by adding a subdivision to read:

*Subd. 9. [SCHOOL BOARD CANDIDATES AND MEMBERS.] This section does not apply to a candidate for school board or to a school board*

*member in any school district with a population of less than 50,000."*

Renumber the sections of article 2 in sequence and correct the internal references

Amend the title accordingly

Mr. Benson moved to amend the DeCramer amendment to H.F. No. 2666 as follows:

Page 1, line 8, delete everything after "*district*" and insert a period

Page 1, delete line 9

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

The question recurred on the DeCramer amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

Mr. Frederickson, D.R. moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 27, line 31, after the period, insert "*No unclassified appointed state employee may receive a public subsidy.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Davis	Gustafson	Lessard	Pariseau
Benson	Decker	Knaak	McGowan	Piepho
Berg	Diessner	Knutson	McQuaid	Ramstad
Bernhagen	Frederick	Laidig	Mehrkens	Renneke
Brataas	Frederickson, D.R.	Larson	Olson	Storm

Those who voted in the negative were:

Adkins	DeCramer	Langseth	Novak	Schmitz
Berglin	Dicklich	Lantry	Pehler	Solon
Bertram	Flynn	Luther	Piper	Spear
Brandl	Frank	Marty	Pogemiller	Stumpf
Chmielewski	Hughes	Metzen	Purfeerst	Vickerman
Cohen	Johnson, D.J.	Moe, D.M.	Reichgott	
Dahl	Kroening	Morse	Samuelson	

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

Mr. Frederick moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 33, delete section 12 and insert:

"Sec. 12. [SPENDING LIMIT ON MONEY RECEIVED FROM POLITICAL COMMITTEES.]

*A congressional candidate for the United States Senate may spend no more than \$1,200,000 in any calendar year of money received from political committees as defined in United States Code, title 2, section 431, paragraph (4)(A) or (B). A congressional candidate for the United States House of Representatives may spend no more than \$120,000 in any calendar year of money received from political committees as defined in United States Code, title 2, section 431, paragraph (4)(A) or (B)."*

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Diessner	Knutson	Olson	Storm
Belanger	Frederick	Laidig	Pariseau	Vickerman
Berg	Frederickson, D.R.	Larson	Piepho	
Bernhagen	Gustafson	McGowan	Ramstad	
Brataas	Johnson, D.E.	McQuaid	Renneke	
Decker	Knaak	Mehrkens	Samuelson	

Those who voted in the negative were:

Adkins	Dahl	Hughes	Marty	Reichgott
Beckman	Davis	Johnson, D.J.	Metzen	Schmitz
Berglin	DeCramer	Kroening	Morse	Solon
Bertram	Dicklich	Langseth	Novak	Spear
Brandl	Flynn	Lantry	Pehler	Stumpf
Chmielewski	Frank	Lessard	Piper	
Cohen	Frederickson, D.J.	Luther	Purfeerst	

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

Mrs. Brataas moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 10, delete section 5

ReNUMBER the sections of article 3 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 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.	Mehrkens	Reichgott
Beckman	DeCramer	Knaak	Metzen	Renneke
Belanger	Dicklich	Knutson	Moe, D.M.	Samuelson
Berg	Diessner	Kroening	Morse	Schmitz
Berglin	Flynn	Laidig	Novak	Solon
Bernhagen	Frank	Lantry	Olson	Spear
Bertram	Frederick	Larson	Pariseau	Storm
Brandl	Frederickson, D.J.	Lessard	Pehler	Stumpf
Brataas	Frederickson, D.R.	Luther	Piepho	Vickerman
Chmielewski	Gustafson	Marty	Piper	
Cohen	Hughes	McGowan	Purfeerst	

The motion prevailed. So the amendment was adopted.

Mr. Marty moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 6, after line 9, insert:

*"Subd. 3. [INTEREST IN CONTRACT; LOCAL OFFICIALS.] This section does not apply to a local official with respect to a matter governed by sections 471.87 and 471.88."*

Page 7, delete section 4

Page 7, after line 28, insert:

"Sec. 5. Minnesota Statutes 1988, section 383B.053, subdivision 1, is amended to read:

Subdivision 1. [OFFICIALS REQUIRED TO FILE; DEADLINES.] Every candidate for county office, every elected official of Hennepin county, every

candidate for office and every elected official of a home rule charter city or statutory city located wholly within Hennepin county and having a population of 75,000 or more, and every candidate for school board and every elected official in special school district No. 1, Minneapolis shall file statements of economic interest as required by this section with the filing officer. A candidate shall file an original statement within 14 days of the filing of an affidavit or petition to appear on the ballot. All elected officials of Hennepin county and of a home rule charter city or statutory city located wholly in Hennepin county and having a population of 75,000 or more who are in office on March 19, 1980, shall file an original statement of economic interest 60 days after forms for disclosure are provided to the filing officer. Every individual required to file a statement shall file a supplementary statement on April 15 of each year in which the individual remains a candidate or elected official. *An official required to file a statement of economic interest under section 10A.07 is not required to comply with this section.*"

Renumber the sections of article 2 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Marty then moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 29, line 31, delete "1986" and insert "1990"

The motion prevailed. So the amendment was adopted.

Mr. Marty then moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 18, line 9, strike "\$60,000" and insert "\$10,000"

Page 18, line 10, strike "\$12,000" and insert "\$2,000"

Page 18, line 18, delete "\$300" and insert "\$400"

Page 18, line 21, delete "\$150" and insert "\$200"

Pages 18 and 19, delete section 22

Renumber the sections of article 3 in sequence and correct the internal references

Amend the title accordingly

Mr. Laidig requested division of the amendment as follows:

First portion:

Page 18, line 9, strike "\$60,000" and insert "\$10,000"

Page 18, line 10, strike "\$12,000" and insert "\$2,000"

Second portion:

Page 18, line 18, delete "\$300" and insert "\$400"

Page 18, line 21, delete "\$150" and insert "\$200"

Third portion:

Pages 18 and 19, delete section 22



The question was taken on the adoption of the first portion of the Marty amendment.

The roll was called, and there were yeas 23 and nays 39, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Gustafson	Metzen	Reichgott
Bergfin	DeCramer	Kroening	Morse	Schmitz
Brandl	Dicklich	Lessard	Pehler	Spear
Chmielewski	Diessner	Luther	Piper	
Cohen	Flynn	Marty	Pogemiller	

Those who voted in the negative were:

Anderson	Dahl	Johnson, D.J.	McQuaid	Ramstad
Beckman	Decker	Knaak	Mehrkens	Renneke
Belanger	Frank	Knutson	Moe, D.M.	Samuelson
Benson	Frederick	Laidig	Novak	Solon
Berg	Frederickson, D.J.	Langseth	Olson	Storm
Bernhagen	Frederickson, D.R.	Lantry	Pariseau	Stumpf
Bertram	Hughes	Larson	Piepho	Vickerman
Brataas	Johnson, D.E.	McGowan	Purfeerst	

The motion did not prevail. So the first portion of the amendment was not adopted.

The question was taken on the adoption of the second portion of the Marty amendment.

The roll was called, and there were yeas 18 and nays 45, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Lantry	Moe, R.D.	Spear
Chmielewski	Freeman	Luther	Novak	Waldorf
Dicklich	Hughes	Metzen	Piper	
Diessner	Johnson, D.J.	Moe, D.M.	Schmitz	

Those who voted in the negative were:

Anderson	Brataas	Frederickson, D.R.	Marty	Pogemiller
Beckman	Cohen	Gustafson	McGowan	Ramstad
Belanger	Dahl	Johnson, D.E.	McQuaid	Reichgott
Benson	Davis	Knaak	Mehrkens	Renneke
Berg	Decker	Knutson	Morse	Samuelson
Bergfin	DeCramer	Laidig	Olson	Solon
Bernhagen	Frank	Langseth	Pariseau	Storm
Bertram	Frederick	Larson	Pehler	Stumpf
Brandl	Frederickson, D.J.	Lessard	Piepho	Vickerman

The motion did not prevail. So the second portion of the amendment was not adopted.

The question was taken on the adoption of the third portion of the Marty amendment.

The roll was called, and there were yeas 32 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Knutson	Merriam	Ramstad
Belanger	Dicklich	Laidig	Morse	Renneke
Benson	Frederick	Larson	Olson	Samuelson
Berg	Frederickson, D.R.	Marty	Pariseau	Storm
Bernhagen	Gustafson	McGowan	Piepho	
Brandl	Johnson, D.E.	McQuaid	Piper	
Decker	Knaak	Mehrkens	Pogemiller	

Those who voted in the negative were:

Adkins	Dahl	Hughes	Metzen	Solon
Beckman	Davis	Johnson, D.J.	Moe, D.M.	Spear
Berglin	Diessner	Kroening	Moe, R.D.	Stumpf
Bertram	Flynn	Langseth	Novak	Vickerman
Brataas	Frank	Lantry	Pehler	Waldorf
Chmielewski	Frederickson, D.J.	Lessard	Reichgott	
Cohen	Freeman	Luther	Schmitz	

The motion did not prevail. So the third portion of the amendment was not adopted.

Mr. Luther moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 26, after line 3, insert:

“Sec. 33. [TRANSITIONAL PROVISION FOR INACTIVE POLITICAL COMMITTEES AND FUNDS.]

*Subdivision 1. [NOTICE.] Within 30 days after the effective date of section 14, the ethical practices board shall send a notice to all political committees and funds informing them of the new requirements concerning inactive committees and funds, along with a copy of section 14.*

*Subd. 2. [EXISTING INACTIVE COMMITTEES AND FUNDS.] A political committee or fund that is inactive under the criteria set forth in section 14, subdivision 3, on the effective date of that section, shall dissolve by December 31, 1990.”*

Renumber the sections of article 3 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 33, line 22, before “A” insert “*The Congress of the United States, acting under article 1, section 4, of the Constitution, having chosen to regulate contributions to candidates for Congress, so that the state legislatures may not regulate those contributions, is urged to enact additional regulations of contributions to congressional candidates so that*”

Mr. Knaak moved to amend the fifth Luther amendment to H.F. No. 2666 as follows:

Page 1, after line 2, insert:

“Pages 26 to 28, delete sections 1 to 3

Page 28, line 34, delete “*Subdivision 1. [LIMITS.]*” and insert “*The Congress of the United States, acting under article 1, section 4, of the Constitution, having chosen not to provide public subsidies and impose limits on campaign spending by candidates for the United States Congress, is urged to enact legislation to provide those subsidies and limit that spending, so that*”

Page 29, delete lines 5 to 36

Page 30, delete lines 1 to 27

Pages 30 to 33, delete sections 5 to 11”

Page 1, after line 8, insert:

“Page 33, delete section 13

Renumber the sections of article 4 in sequence and correct the internal references

Amend the title accordingly”

The question was taken on the adoption of the Knaak amendment to the fifth Luther amendment.

The roll was called, and there were yeas 23 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knaak	McQuaid	Ramstad
Belanger	Frederick	Knutson	Mehrkens	Renneke
Benson	Frederickson, D.R.	Laidig	Olson	Storm
Bernhagen	Gustafson	Larson	Pariseau	
Brataas	Johnson, D.E.	McGowan	Piepho	

Those who voted in the negative were:

Adkins	Davis	Hughes	Merriam	Reichgott
Beckman	DeCramer	Johnson, D.J.	Moe, D.M.	Solon
Berglin	Dicklich	Kroening	Moe, R.D.	Spear
Bertram	Diessner	Langseth	Morse	Stumpf
Brandl	Flynn	Lantry	Novak	Vickerman
Chmielewski	Frank	Lessard	Pehler	Waldorf
Cohen	Frederickson, D.J.	Luther	Piper	
Dahl	Freeman	Marty	Pogemiller	

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

The question recurred on the adoption of the Luther amendment.

The roll was called, and there were yeas 36 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Langseth	Moe, R.D.	Spear
Berglin	Flynn	Lantry	Morse	Stumpf
Bertram	Frank	Lessard	Novak	Vickerman
Brandl	Frederickson, D.J.	Luther	Pehler	Waldorf
Chmielewski	Freeman	Marty	Piper	
Cohen	Hughes	Merriam	Pogemiller	
Davis	Johnson, D.J.	Metzen	Reichgott	
Dicklich	Kroening	Moe, D.M.	Samuelson	

Those who voted in the negative were:

Anderson	Brataas	Gustafson	McGowan	Ramstad
Beckman	Dahl	Johnson, D.E.	McQuaid	Renneke
Belanger	Decker	Knaak	Mehrkens	Storm
Benson	DeCramer	Knutson	Olson	
Berg	Frederick	Laidig	Pariseau	
Bernhagen	Frederickson, D.R.	Larson	Piepho	

The motion prevailed. So the amendment was adopted.

Mrs. Brataas moved to amend H.F No. 2666, the unofficial engrossment, as follows:

Page 25, line 35, delete the new language

Page 26, line 3, after the stricken period, insert “*Failure to so present the bill, charge, or claim is a misdemeanor.*”

The motion prevailed. So the amendment was adopted.

Mr. Laidig moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Pages 8 and 9, delete section 3

Page 16, delete section 15

Renumber the sections of article 3 in sequence and correct the internal references

Amend the title accordingly

Mr. Brandl requested division of the amendment as follows:

First portion:

Pages 8 and 9, delete section 3

Second portion:

Page 16, delete section 15

The question was taken on the adoption of the first portion of the Laidig amendment.

The roll was called, and there were yeas 30 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.E.	McGowan	Piepho
Belanger	Decker	Knaak	McQuaid	Ramstad
Benson	Frederick	Knutson	Mehrkens	Renneke
Berg	Frederickson, D.R.	Laidig	Moe, D.M.	Samuelson
Bernhagen	Gustafson	Larson	Olson	Storm
Brandl	Hughes	Marty	Pariseau	Waldorf

Those who voted in the negative were:

Adkins	DeCramer	Kroening	Morse	Schmitz
Beckman	Dicklich	Langseth	Novak	Spear
Berglin	Diessner	Lantry	Pehler	Vickerman
Bertram	Flynn	Lessard	Piper	
Chmielewski	Frank	Luther	Pogemiller	
Cohen	Frederickson, D.J.	Metzen	Purfeerst	
Dahl	Freeman	Moe, R.D.	Reichgott	

The motion did not prevail. So the first portion of the amendment was not adopted.

The question was taken on the adoption of the second portion of the Laidig amendment.

The roll was called, and there were yeas 26 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knutson	Merriam	Renneke
Belanger	Flynn	Laidig	Moe, D.M.	Storm
Benson	Frederick	Larson	Olson	
Berg	Frederickson, D.R.	McGowan	Pariseau	
Bernhagen	Johnson, D.E.	McQuaid	Piepho	
Brataas	Knaak	Mehrkens	Ramstad	

Those who voted in the negative were:

Adkins	Davis	Kroening	Morse	Schmitz
Beckman	DeCramer	Langseth	Novak	Spear
Berglin	Dicklich	Lantry	Pehler	Stumpf
Bertram	Diessner	Lessard	Piper	Vickerman
Brandl	Frank	Luther	Pogemiller	Waldorf
Chmielewski	Frederickson, D.J.	Marty	Purfeerst	
Cohen	Freeman	Metzen	Reichgott	
Dahl	Hughes	Moe, R.D.	Samuelson	

The motion did not prevail. So the second portion of the amendment was not adopted.

Ms. Flynn moved to amend the DeCramer amendment to H.F. No. 2666, adopted by the Senate April 6, 1990, as follows:

Page 1, line 8, after "*district*" insert "*with a population of less than 75,000*"

Mrs. Brataas moved to amend the Flynn amendment to the DeCramer amendment to H.F. No. 2666 as follows:

Page 1, line 3, delete "*with a population*" and insert "*in cities of the first class*"

Page 1, delete line 4

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

The question recurred on the adoption of the Flynn amendment, as amended, to the DeCramer amendment.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

Mr. Morse moved to amend H.F. No. 2666, the unofficial engrossment, as follows:

Page 26, line 9, delete "*July 1, 1990*" and insert "*the day following final enactment*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 25, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	Metzen	Purfeerst
Beckman	Davis	Johnson, D.J.	Moe, D.M.	Spear
Berglin	DeCramer	Kroening	Morse	Stumpf
Bertram	Dicklich	Langseth	Novak	Vickerman
Brandl	Diessner	Lantry	Pehler	
Chmielewski	Flynn	Luther	Piper	
Cohen	Frederickson, D.J.	Marty	Pogemiller	

Those who voted in the negative were:

Anderson	Decker	Knaak	McGowan	Piepho
Belanger	Frederick	Knutson	McQuaid	Ramstad
Berg	Frederickson, D.R.	Laidig	Mehrkens	Reichgott
Bernhagen	Gustafson	Larson	Olson	Renneke
Brataas	Johnson, D.E.	Lessard	Pariseau	Storm

The motion prevailed. So the amendment was adopted.

Mr. Luther moved to amend H.F No. 2666, the unofficial engrossment, as follows:

Page 18, after line 22, insert:

“Sec. 21. Minnesota Statutes 1988, section 10A.27, is amended by adding a subdivision to read:

*Subd. 2a. No political party may accept contributions in excess of \$35,000 in the aggregate during any calendar year from the political committee of a member of Congress or congressional candidate. For purposes of this subdivision, the term “political committee” has the meaning given in United States Code, title 2, section 431, paragraph (4), and the term “congressional candidate” has the meaning given in United States Code, title 2, section 431, paragraph (2).”*

Page 20, after line 22, insert:

“Sec. 26. Minnesota Statutes 1988, section 10A.28, subdivision 2, is amended to read:

Subd. 2. A candidate who permits the candidate’s principal campaign committee to accept, *or a political party that accepts*, contributions in excess of the limits imposed by section 10A.27 shall be subject to a civil fine of up to four times the amount by which the contribution exceeded the limits.”

Renumber the sections of article 3 in sequence and correct the internal references

Amend the title accordingly

Mr. Laidig moved to amend the sixth Luther amendment to H.F No. 2666 as follows:

Page 1, line 6, after “party” insert “, *political committee, or political fund*”

Page 1, line 8, delete “or” and insert a comma

Page 1, line 9, after “candidate” insert “, *a candidate, or the principal campaign committee of a candidate*”

Page 1, line 10, after “given” insert “*in section 10A.01, subdivision 15, and*”

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

The question recurred on the Luther amendment, as amended.

The roll was called, and there were yeas 34 and nays 26, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Freeman	Marty	Reichgott
Beckman	DeCramer	Hughes	Moe, D.M.	Schmitz
Berglin	Dicklich	Johnson, D.J.	Moe, R.D.	Solon
Bertram	Diessner	Kroening	Morse	Spear
Brandl	Flynn	Langseth	Novak	Stumpf
Cohen	Frank	Lantry	Piper	Vickerman
Dahl	Frederickson, D.J.	Luther	Pogemiller	

Those who voted in the negative were:

Anderson	Chmielewski	Knaak	McQuaid	Renneke
Belanger	Decker	Knutson	Mehrkens	Storm
Benson	Frederick	Laidig	Olson	
Berg	Frederickson, D.R.	Larson	Pariseau	
Bernhagen	Gustafson	Lessard	Piepho	
Brataas	Johnson, D.E.	McGowan	Ramstad	

The motion prevailed. So the Luther amendment, as amended, was adopted.

H.F. No. 2666 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 23, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kroening	Moe, R.D.	Solon
Beckman	Dicklich	Langseth	Morse	Spear
Berglin	Diessner	Lantry	Novak	Stumpf
Bertram	Flynn	Lessard	Pehler	Vickerman
Brandl	Frank	Luther	Piper	Waldorf
Chmielewski	Frederickson, D.J.	Marty	Pogemiller	
Cohen	Freeman	Merriam	Purfeerst	
Dahl	Hughes	Metzen	Reichgott	
Davis	Johnson, D.J.	Moe, D.M.	Schmitz	

Those who voted in the negative were:

Anderson	Decker	Knaak	McQuaid	Ramstad
Belanger	Frederick	Knutson	Mehrkens	Renneke
Benson	Frederickson, D.R.	Laidig	Olson	Storm
Bernhagen	Gustafson	Larson	Pariseau	
Brataas	Johnson, D.E.	McGowan	Piepho	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2103 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 2103: A bill for an act relating to public employee retirement plans; requiring the regular reporting of investment performance results calculated on a time-weighted total rate of return basis; proposing coding for new law in Minnesota Statutes, chapter 356.

Mr. Moe, D.M. moved to amend H.F. No. 2103, as amended pursuant to Rule 49, adopted by the Senate March 22, 1990, as follows:

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

Page 6, line 25, delete "and"

Page 6, after line 25, insert:

"(4) a person who is employed by the state in the department of public

*safety in a data processing management position with salary or compensation paid from state funds, who was a crime bureau officer covered by the state patrol retirement plan on August 15, 1987, and who was initially hired in the data processing management position within the department during September 1987, or January 1988, with membership continuing for the duration of the person's employment in that position, whether or not the person has the power of arrest by warrant after August 15, 1987; and"*

Page 6, line 26, delete "(4)" and insert "(5)"

Page 7, after line 1, insert:

"Sec. 5. [PAYMENT OF OMITTED CONTRIBUTION AMOUNTS.]

*(a) A person affected by section 3 who has not made the full member contribution to the state patrol retirement plan for service before the effective date of this section shall pay the amount of omitted member contributions, plus annual compound interest at the rate of 8.5 percent. The omitted member contribution amount and interest must be paid by January 1, 1991. The person shall be paid a refund from any other Minnesota public pension plan for the period of the omitted member contributions and service credit for that period in that plan is forfeited upon receipt of the refund.*

*(b) Upon payment of the omitted member contribution amount under paragraph (a), the department of public safety shall pay an amount equal to the amount of the omitted member contribution multiplied by the factor of 2.224. This omitted employer contribution must be paid within 30 days of the payment of the omitted member contribution amount.*

Sec. 6. [EFFECTIVE DATE.]

*Sections 1 to 5 are effective on the day following final enactment."*

Page 10, line 3, before "The" insert "The executive director of the teachers retirement association shall transfer the administration records of the supplemental retirement plan to the chancellor of the state university system and the chancellor of the state community college system on July 1, 1991." and delete "state university board and"

Page 10, line 4, delete "the community college board" and insert "chancellor of the state university system and the chancellor of the state community college system" and after "shall" insert "jointly"

Page 10, line 5, delete "boards" and insert "chancellors"

Page 10, line 10, delete "boards" and insert "chancellors" and delete "members of the"

Page 10, after line 12, insert:

"Sec. 3. Minnesota Statutes 1989 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:



(b) The executive director shall redeem shares under this subdivision when requested to do so in writing on forms provided by the executive director by a person having shares to the credit of the employee's share account record if the person is age 55 or older and is no longer employed by the state university board or state board for community colleges. In such case the person 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, at their sole discretion, permit greater withdrawals in any one year.

(c) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director, 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. If the executive director finds that the person is totally and permanently disabled and will as a result be unable to return to similar employment, the person 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, at their sole discretion, permit greater withdrawals in any one year. If the person returns to good health, the person owes no restitution to the state or a fund established by its laws for a redemption under this paragraph.

(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~~ *designated beneficiary*, when requested to do so in writing, on forms provided by the executive director, by the ~~surviving spouse~~ *designated beneficiary*. The ~~surviving spouse~~ *designated beneficiary* must receive the cash realized on the redemption of the shares. *If the designated beneficiary is a surviving spouse, the surviving spouse* may direct the redemption of not more than 20 percent of the shares in the deceased ~~spouse's~~ *person'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, their sole discretion, permit greater withdrawals in any one year. In that case the surviving spouse 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 must be redeemed by the executive director and the cash realized from the redemption must be distributed to the estate of the surviving spouse.

(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 *designated beneficiary*, the surviving spouse must receive the cash realized on the redemption of the shares as provided in paragraph (d). If there is no surviving spouse, the executive director shall redeem all shares to the credit of the employee's share account record and pay the cash realized from the redemption to the estate of the deceased person.

(f) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director, 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 (b) to (e). In that case, the person is entitled upon application to receive one-half of the cash realized on the redemption of shares and one-half must be credited to the administrative expense reserve account of the supplemental retirement plan for payment of necessary and reasonable administrative expenses of the supplemental retirement plan as provided in section 354.65.

Sec. 4. Minnesota Statutes 1989 Supplement, section 136.82, subdivision 2, is amended to read:

Subd. 2. [REDEMPTION OF SHARES AS AN ANNUITY.] A person who has shares to the credit of the employee's share account record, who is 55 years of age or older and who is no longer employed by the state university board or the state board for community colleges or who is totally and permanently disabled pursuant to subdivision 1, paragraph (c), or who has the status of a surviving spouse of a person who has shares to the credit of the employee's share account pursuant to subdivision 1, paragraph (d) or (e), may redeem all or part of the shares to purchase an annuity by depositing the cash realized upon redemption with the executive director of the teachers retirement fund and receive in exchange an annuity for life or an optional annuity as hereinafter provided. The election to purchase an annuity may be made only once by any individual. If an election is made before the date on which the person is entitled to request redemption, the redemption shall not be made prior to the date upon which the person would be entitled to make the request. The annuity purchase rates shall be based on the annuity table of mortality adopted by the board of trustees of the teachers retirement fund for the fund as provided in section 354.07, subdivision 1, using the interest assumption specified in section 356.215, subdivision 4d. The amount of the annuity for life shall be that amount which has a present value equal to the cash realized on the redemption of the shares as of the first day of the month next following the date of the election to purchase an annuity. The board of trustees of the teachers retirement fund shall establish an optional joint and survivor annuity, an optional annuity payable for a period certain and for life thereafter, and an optional guaranteed refund annuity paying the annuitant a fixed amount for life with the guarantee that in the event of death the balance of the cash realized from the redemption of shares is payable to the designated beneficiary. The optional forms of annuity shall be actuarially equivalent to the single life annuity as defined in section 354.05, subdivision 7. In establishing these optional forms, the board of trustees shall obtain the written recommendation of the actuary retained by the legislative commission on pensions and retirement, and these recommendations shall be a part of the permanent records of the board of trustees."

Page 12, line 9, delete everything after the first "The" and insert "chancellor of the state university system and the chancellor of the state community college system"

Page 12, line 10, after "shall" insert "jointly"

Page 12, line 14, after "redeemed" insert "until the expiration dates for the guaranteed investment contracts" and delete "executive"

Page 12, line 15, delete "director" and insert "chancellors"

Page 12, line 17, delete "For employees"

Page 12, delete lines 18 to 22

Page 12, lines 25 and 26, delete "6" and insert "8"

Page 12, after line 30, insert:

"Sec. 11. [TRANSFERS IN CERTAIN CASES.]

*Notwithstanding any provision of Minnesota Statutes, section 354B.03, to the contrary, a person in covered employment under Minnesota Statutes, chapter 354, who was first employed by the state university system board or the community college board after June 30, 1988, and before July 1, 1989, and who has no prior allowable service under chapter 354, and who elected, or elects before September 1, 1990, to have their employee contributions transferred under Minnesota Statutes, chapter 354B, shall have an amount equal to the employer contributions made on behalf of the person under Minnesota Statutes, section 354.42, subdivision 3, plus annual interest compounded annually at a rate of six percent, transferred by the executive director of the teachers retirement association from the teachers retirement fund to the individual retirement account plan under chapter 354B. The election must be made on a form prescribed by the executive director and must be made by September 1, 1990."*

Page 13, line 1, delete "7, and" and after "9" insert "and 12"

Page 13, line 2, delete "6 and" and after "8" insert ", 10, and 11"

Renumber the sections of article 3 in sequence and correct the internal references

Page 17, after line 29, insert:

"Sec. 3. [MOOSE LAKE FIREFIGHTERS' RELIEF ASSOCIATION ASSETS.]

*Notwithstanding the requirements of Minnesota Statutes, section 424A.02, or any other law, for firefighters' relief association purposes the Moose Lake area fire protection district must be treated as a continuation of the fire department of the city of Moose Lake. Assets of the Moose Lake fire department relief association must be transferred to a relief association now or hereafter established by the district and service of transferred members must be considered continuous for purpose of computing retirement benefits.*

Sec. 4. [PURCHASE OF SERVICE CREDIT FOR ST. PAUL BUREAU OF HEALTH SERVICE.]

*Subdivision 1. [ELIGIBILITY.] A person who was born on May 28, 1941, who was initially employed by the St. Paul bureau of health in November 1963, who was covered by the St. Paul bureau of health relief*

association under Laws 1919, chapter 430, sections 1 through 9, as amended, by virtue of that employment, who terminated employment by the St. Paul bureau of health in August 1966, and who became a member of the general plan of the public employees retirement association in May 1967, is entitled to purchase service credit in the general plan of the public employees retirement association for any months of employment by the St. Paul bureau of health in which member contributions to the St. Paul bureau of health relief association were made.

*Subd. 2. [PURCHASE PAYMENT AMOUNT.] (a) The person requesting the purchase of prior service shall establish in the records of the fund or association 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 public employees retirement association. For a person eligible to purchase credit under subdivision 1, there must be paid to the public employees retirement association an amount on the date of payment equal to the amount computed in paragraph (b) minus the amount computed in paragraph (c).*

*(b) The present value, on the date of payment, of the amount of additional retirement annuity that would be obtained due to the purchase of additional service credit by the individual specified in subdivision 1, using the pre-retirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the public employees retirement association and assuming continuous future service in the public employees retirement association 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 salary increase rate specified in Minnesota Statutes, section 356.215, subdivision 4d.*

*(c) The present value of employee and employer contributions paid to the St. Paul bureau of health relief association by or on behalf of the individual eligible to purchase credit under subdivision 1. The present value will be computed assuming investment earnings on these contributions equal to the rate actually earned by the assets of active employees covered by the public employees retirement association, beginning with the date the individual specified in subdivision 1 first made contributions to the St. Paul bureau of health relief association.*

*Subd. 3. [PAYMENT; CREDITING SERVICE.] Payment must be made in one lump sum, unless the executive director of the public employees retirement association 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 city of St. Paul may at its discretion, pay all or any portion of the required payment amount."*

Page 17, line 30, delete "3" and insert "5"

Page 18, after line 4, insert:

*“Sections 3 and 4 are effective the day following final enactment.*

Article 7

TEACHER RETIREMENT FUND PROVISIONS

Section 1. [354.095] [PAYMENT PROCEDURES.]

*A member of the fund who is on an authorized medical leave of absence and subsequently returns to teaching service, is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354.42, subdivisions 2, 3, and 5, as applied to the member's average full-time monthly salary rate on the date of return from the leave of absence plus annual interest at the rate of 8.5 percent per year from the midpoint date of the leave until the date of payment. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid before the effective date of retirement or by the end of the fiscal year following the fiscal year in which the leave of absence terminated, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association on a form specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354.48 and receive allowable service credit under this section for the same period of time.*

Sec. 2. [354A.096] [MEDICAL LEAVE.]

*Any teacher in the coordinated program of either the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association or the new law coordinated program of the Duluth teachers retirement fund association who is on an authorized medical leave of absence and subsequently returns to teaching service is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354A.12, subdivisions 1 and 2, as applied to the member's average full-time monthly salary rate on the date of return from the leave of absence plus annual interest at the rate of 8.5 percent per year from the midpoint date of the leave until the date of payment. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid by the end of the fiscal year following the fiscal year in which the leave of absence terminated or before the member retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association in a manner specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354A.36 and receive allowable service credit under this section for the same period of time.*

Sec. 3. [ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION.]

*In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the St. Paul teachers retirement fund association to amend its articles of incorporation or bylaws to allow basic plan members who are granted a medical leave of absence by independent school district No. 625, St. Paul, to receive up to one year service credit of that leave in accordance with the provisions of Minnesota Statutes, section 354A.096.*

**Sec. 4. [DULUTH TEACHERS RETIREMENT FUND AND ST. PAUL TEACHERS RETIREMENT FUND: ALTERNATE METHOD OF PAYING ADDITIONAL LUMP SUM AMOUNT.]**

*Notwithstanding the articles or bylaws of the Duluth teachers retirement fund association or St. Paul teachers retirement fund association, approval is granted for the Duluth teachers retirement fund association and St. Paul teachers retirement fund association to provide that a lump sum postretirement adjustment that is payable may, upon the request of the annuitant or survivor and approval of the board of trustees of the fund, be converted to a monthly annuity benefit of equivalent actuarial value. The amount of the additional annuity shall be determined by:*

*(1) the age of the annuitant or survivor on the date of the lump sum postretirement adjustment;*

*(2) use of an annuity table of mortality established by the board of trustees of the association as required by Minnesota Statutes, section 356.215; and*

*(3) use of the postretirement interest rate assumption specified in Minnesota Statutes, section 11A.18.*

**Sec. 5. [EFFECTIVE DATE.]**

*(a) Sections 1 to 4 are effective the day following final enactment.*

*(b) Section 1 is also effective retroactively to October 9, 1988, for a former teacher employed by independent school district No. 831 who began a long-term disability medical leave on October 10, 1988, who terminated employment on June 16, 1989, and who has retired. The contribution amounts for the leave must be based on the salary rate of the teacher in effect for the 1988-1989 school year and the contributions must be made by June 30, 1990, with interest as calculated under section 1. If the contribution amounts are paid, the person's retirement annuity must be recomputed based on the resulting additional allowable service credit and revision in the person's highest five successive years average salary and the increased annuity amount accrues as of the first day of the first month next following the date of the payment. If an optional annuity form has been selected, the increased annuity amount must be appropriately adjusted.*

**Article 8**

**PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN**

Section 1. Minnesota Statutes 1988, section 353.01, subdivision 7, is amended to read:

Subd. 7. [MEMBER.] ~~A member is~~ "Member" means a person who accepts employment as a "public employee" and is not covered by the plan established in chapter 353D. ~~A person who is a member remains a member while performing services as a public employee and while on an authorized leave of absence or an authorized temporary layoff; provided, however, (1)~~

that any elected public officer or any person appointed to fill a vacancy in an elective office shall have the right to exercise an option to become a member by filing application for membership, but the option to become a member, once exercised, may not be withdrawn during the incumbency of the person in office; and (2) that any member who is appointed by the governor to be a state department head and elects pursuant to section 352.021, subdivision 3, not to be covered by the Minnesota state retirement system, shall remain a member of the public employees retirement association. Membership in the retirement association of any person shall terminate upon the person ceasing to be a "public employee."

Sec. 2. Minnesota Statutes 1988, section 353D.01, is amended to read:

**353D.01 [AMBULANCE SERVICE PERSONNEL RETIREMENT PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN.]**

Subdivision 1. [ESTABLISHMENT.] ~~The ambulance service personnel retirement public employees defined contribution plan is administered by the public employees retirement association under supervision of the association board of directors trustees. To assist it in governing the operations of the plan, the board may appoint an advisory committee of not more than seven nine members who are representative of ambulance service operators and ambulance service personnel the employers and employees who participate in the plan.~~

Subd. 2. [COVERAGE ELIGIBILITY.] ~~Coverage under~~ Except as provided in section 353D.11, eligibility to participate in the retirement plan is open to an elected local government official of a governmental subdivision who elects to participate in the plan who is not a member of the public employees retirement association within the meaning of section 353.01, subdivision 7, and to basic and advanced life support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate. For purposes of this chapter, an elected local government official includes a person appointed to fill a vacancy in an elective office. Elected local government official does not include an elected county sheriff. Except as provided in section 353D.11, elected local government officials and first response personnel and emergency medical service personnel who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the plan.

Sec. 3. Minnesota Statutes 1988, section 353D.02, is amended to read:

**353D.02 [ELECTION OF COVERAGE.]**

*Eligible elected local government officials may elect to participate in the plan after being elected or appointed to a public office by filing an application to participate on a form prescribed by the executive director of the association. Participation begins on the first day of the month after the application is received in the association's office or on the date when the term of office commences, whichever date is later. An election to participate in the plan is irrevocable during incumbency in office.*

Each public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity with eligible personnel may elect to participate in the plan. If a service elects to participate, its eligible personnel may elect to participate or to decline to participate. An individual's election must be made within the ~~latter~~ of 30

days of the service's election to participate or 30 days of the date on which the individual was employed by the service or began to provide service for it, *whichever date is later*. An election by a service or an individual is irrevocable.

Sec. 4. Minnesota Statutes 1988, section 353D.03, is amended to read:  
353D.03 [FUNDING OF PLAN.]

(a) *An eligible elected local government official who elects to participate in the public employees defined contribution plan shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10. A participating elected local government official's governmental subdivision shall contribute a matching amount.*

(b) A public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate in the plan shall fund benefits for its qualified personnel who individually elect to participate, except that personnel who are paid for their services may elect to make member contributions in an amount not to exceed the service's contribution on their behalf. Ambulance service contributions on behalf of salaried employees must be a fixed percentage of salary. An ambulance service making contributions for volunteer or largely uncompensated personnel may assign a unit value for each call or each period of alert duty for the purpose of calculating ambulance service contributions.

Sec. 5. Minnesota Statutes 1988, section 353D.04, is amended to read:  
353D.04 [CONTRIBUTIONS TO PLAN.]

(a) *Contributions made by or on behalf of a participating elected local government official must be remitted to the public employees retirement association at least monthly and must be credited to the individual account established for the participating officer.*

(b) ~~Ambulance service contributions to the plan may be made from any source of funds available to the ambulance service.~~ Contributions must be remitted ~~monthly~~ *on a regular periodic basis* to the association together with any member contributions paid or withheld ~~during the preceding month.~~ *Those contributions shall* must be credited to the individual account of each participating member.

Sec. 6. Minnesota Statutes 1988, section 353D.05, subdivision 1, is amended to read:

Subdivision 1. [INVESTMENT.] ~~Ambulance service~~ *Employing unit* contributions, after the deduction of an amount for administrative expenses, and ~~member individual participant~~ contributions must be remitted to the state board of investment for investment in the Minnesota supplemental investment fund established by section 11A.17.

Sec. 7. Minnesota Statutes 1988, section 353D.05, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATIVE EXPENSES.] The public employees retirement association may deduct an amount, set annually by the executive director of the association, but not to exceed two percent of ~~ambulance service~~ *the employing unit* contributions to the plan, to defray the expenses of the association in administering the plan.



Sec. 8. Minnesota Statutes 1988, section 353D.06, is amended to read:  
353D.06 [REPORTING BY AMBULANCE SERVICES.]

The executive director of the public employees retirement association shall prescribe the form of ~~monthly and any other reports reporting forms~~ required from an ambulance service employing units and the election forms required from ambulance service members participants. Member Reporting forms shall must contain names, identification numbers, amount of contribution by and on behalf of each member participant, and such other data as is required to keep an accurate account record of the account value of each participating employee participant.

Sec. 9. Minnesota Statutes 1988, section 353D.07, is amended to read:  
353D.07 [BENEFITS.]

Subdivision 1. [TYPE OF PLAN; UNIFORMITY.] (a) The plan is a defined contribution plan when the benefits from which are payable upon termination of service, retirement, disability, or death. 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 Laws 1987, chapter 372.

(b) In the case of ambulance service personnel, eligibility standards must be uniform among all ambulance service personnel of an ambulance service electing to participate.

Subd. 2. [PAYMENT OF BENEFITS.] Withdrawal of or a retirement benefit based on member individual participant contributions and employer contributions plus accrued investment income is payable immediately upon the death or termination of an active member a participant for a period that exceeds 30 days. An application by or on behalf of the participant must be filed before any payment of benefits may be made.

Subd. 3. [FORM OF BENEFIT.] A retirement benefit is payable in a lump sum equal to the value of a participant's account at the date of retirement and may be rolled over into another qualified plan at the option of the member participant. As an alternative to a lump sum distribution, the member participant may choose to have the association use the total account value to purchase an annuity payable at a designated age from an insurance company licensed to do business in the state.

Subd. 4. [DISABILITY OF PARTICIPANT.] If an active participant becomes permanently and totally disabled as defined in section 353.01, subdivision 19, that participant may withdraw from the account in equal monthly installments an amount, designated by the participant in increments of \$100 but not to exceed ten times the joint employer and employee contribution for the month preceding disability. The option must be exercised by filing an application on a form prescribed by the executive director. Payments begin on the first day of the month following the month in which the disability occurred. Payments end when the participant's disabled status ends or the account balance is exhausted, whichever occurs first.

Subd. 5. [DEATH OF A MEMBER PARTICIPANT.] In the event of the death of If an active participant dies, the total value of the account must be paid in a lump sum to the designated beneficiary or, if none, the heirs at law of the decedent.

Sec. 10. Minnesota Statutes 1988, section 353D.08, is amended to read:  
353D.08 [PORTABILITY.]

**Qualified Participating** ambulance service personnel who change employment or membership among participating ambulance services ~~must~~ shall continue participation in the plan if termination from one participating ambulance service and commencement in another participating ambulance service ~~occur~~ occurs within 30 days.

Sec. 11. Minnesota Statutes 1988, section 353D.09, is amended to read:  
353D.09 [TAX QUALIFICATION.]

The public employees retirement association shall adopt rules ~~required~~ necessary for administration of the plan. The proposed plan shall be formulated and adopted in accordance with applicable restrictions and standards of the Internal Revenue Code and rulings and regulations of the Internal Revenue Service in order to assure the tax exempt status of the plan as a qualified pension plan. Contributions ~~by ambulance service personnel and by ambulance service operators~~ may be accepted only after approval by the Internal Revenue Service.

Sec. 12. [353D.11] [CURRENT ELECTED PUBLIC OFFICERS.]

*Subdivision 1. [EXERCISE OF OPTION.] As of July 1, 1990, an elected local government official, who with respect to elected service is participating in, and covered by, the general employees defined benefit plan administered by the public employees retirement association under chapter 353, may elect to participate in the public employees defined contribution plan and terminate further participation in, and coverage under, the defined benefit plan. The necessary election must be made before June 30, 1991.*

*Subd. 2. [REFUND OR DEFERRED ANNUITY.] An elected public officer who, with respect to elected service is participating in, and covered by, the general employees defined benefit plan administered by the public employees retirement association under chapter 353 and who, with respect to future elected service, elects to participate in the public employees defined contribution plan, is deemed to have terminated public service for purposes of the return of the accumulated employee deductions with interest or the deferred annuity allowed under section 353.34. The termination of public service is deemed to occur as of the first day of the month following the month in which the election is made to participate in the public employees defined contribution plan and any refund of accumulated employee deductions with interest or future deferred annuity is governed by the law in effect on that day.*

Sec. 13. [353D.12] [CONTRIBUTIONS FOR PREVIOUS SERVICE.]

*Subdivision 1. [ELIGIBILITY; CONTRIBUTIONS.] An elected local government official who participates in the defined contribution plan under this chapter may make contributions to the plan for the service as an elected public officer rendered before the effective date of this section that was not covered by a public or private employer contributory pension plan, including a plan administered by the public employees retirement association under chapter 353.*

*Subd. 2. [AMOUNT OF PRIOR SERVICE CONTRIBUTIONS.] (a) The employee purchase amount is that amount that the participating elected local government official specifies, but combined with subdivision 6 may*

*not exceed in total the amount of the employee and employer contributions that would have been payable under section 353.27, subdivisions 2, 3, and 3a, based on the actual salary or compensation of the elected local government official from public sources during the prior service and based on the rates in effect during the prior service, plus interest at an annual compound rate of six percent.*

*(b) In any year, the purchase amount to be paid in is subject to the limitation for defined contribution plans under section 415(c) of the federal Internal Revenue Code, as amended, or comparable contribution limitation set forth in the federal Internal Revenue Code, and applicable regulations and revenue rulings, remaining after subtracting the funding amounts under section 353D.03, paragraph (a), for that year.*

*Subd. 3. [INSTALLMENT PAYMENTS.] The purchase amount may be made in annual installments but may not exceed, combined with subdivision 6, in any installment the limitation set forth in subdivision 2, paragraph (a), or in total the limitation set forth in subdivision 2, paragraph (a).*

*Subd. 4. [AUTHORIZED ROLLOVERS.] To the extent allowed by federal law, the employee purchase amount may be made with funds distributed from: (1) a plan qualified under section 401(a) of the federal Internal Revenue Code, as amended; (2) an annuity qualified under section 403(a) of the federal Internal Revenue Code, as amended; (3) an individual retirement account used solely to receive a nontaxable rollover from that type of plan or annuity; (4) the state deferred compensation plan authorized under section 352.96 and qualified under section 455 of the federal Internal Revenue Code, as amended; or (5) another tax qualified plan or annuity that authorizes rollovers. The participating elected local government official shall supply sufficient written documentation that the transfer amounts are eligible for tax-free rollover treatment. An authorized tax-free rollover, plus any other purchase amount payments under this section, including subdivision 6, may not exceed the limitation in subdivision 2, paragraph (a). Notwithstanding any provision of state law or rule to the contrary, to the extent permitted under federal law, the employee purchase amount may be transferred from the state deferred compensation plan before the employee terminates public employment.*

*Subd. 5. [PRIOR SERVICE AND COMPENSATION DOCUMENTATION.] The participating elected local government official shall supply sufficient documentation of the person's prior uncredited service and compensation for which the purchase payment is made.*

*Subd. 6. [EMPLOYING UNIT PAYMENT.] The employing unit of the participating elected local government official shall pay a portion of the purchase amount under this section, but that portion may not exceed the amount of the employer contributions that could have been payable under section 353.27, subdivisions 3 and 3a, based on the actual salary or compensation of the elected local government official from public sources during the prior service, plus interest at an annual compound rate of six percent and, combined with any employee purchase amount and any contributions under section 353D.03, paragraph (a), must in any year comply with the limitation set forth in subdivision 2, paragraph (a).*

#### **Sec. 14. [PURCHASE OF PRIOR SERVICE CREDIT.]**

*Subdivision 1. [ENTITLEMENT.] An elected public officer who participates in the public employees retirement association defined benefit plan*

*under Minnesota Statutes, chapter 353, may purchase service credit from the association for all or any portion of prior uncredited service as an elected public officer when the officer could have been, but was not, a member of the association on account of failure to exercise the membership option under Minnesota Statutes, section 353.01, subdivision 7.*

*Subd. 2. [PURCHASE PAYMENT AMOUNT.] To purchase credit for prior service under subdivision 1, there must be paid to the public employee retirement association an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity obtained by the purchase of the additional service credit. Calculation of this amount must be made using the applicable preretirement interest rate for the association specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the association. The calculation must assume continuous future service in the association until, and retirement at, the age at which the minimum requirements of the 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. The calculation must also assume a future salary history that includes annual salary increases at the applicable salary increase rate for the association specified in section 356.215, subdivision 4d. The member must establish in the records of the association 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 association.*

*Subd. 3. [PAYMENT; CREDITING SERVICE.] Payment may be made in one lump sum, or in annual increments over a period not to exceed five years from the effective date of this section. If payments are made in increments, the period of allowable service purchased by each payment is credited to the account of the member upon receipt of each payment by the executive director. If payments are made in increments, the executive director must calculate the present value of the amount of the additional retirement annuity obtained by each incremental payment.*

*Subd. 4. [OPTIONAL EMPLOYER PARTIAL PAYMENT.] Payment of the amount calculated under subdivision 2 must be made by the member. However, the current or former governmental subdivision employer of the member may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect 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. 15. [EFFECTIVE DATE.]**

*Sections 1 to 14 are effective on the day following final enactment.*

#### **Article 9**

### **TRANSFERS TO MINNESOTA POSTRETIREMENT INVESTMENT FUND**

**Section 1. Minnesota Statutes 1988, section 11A.18, subdivision 6, is amended to read:**

**Subd. 6. [PARTICIPATING PUBLIC RETIREMENT FUNDS OR PLANS;**

TRANSFER OF REQUIRED RESERVES.] (a) Any public retirement fund or plan authorized by law to participate in the postretirement investment fund shall no later than the last business day of the month in which the benefit payment from the postretirement investment fund begins to accrue, certify and transfer to the state board money equal to the reserves required for those retirement annuities and benefits which are payable by the public retirement fund or plan and which are specified in law to be included in the participation in the fund as determined by or determined under a procedure specified by the actuary retained by the legislative commission on pensions and retirement.

(b) If the exact amount of the actuarially determined required reserves is not readily calculable as of the date of the commencement of a benefit payment on the required transfer date, the initial transfer must be based on the best estimate by the executive director of for the teachers retirement fund involved and shall be made on a timely basis and the public employees retirement fund and may be based on the best estimate for the other participating funds. Any necessary adjustments based on specific calculations of actuarially determined required reserves must be made in later transfers. If a best estimate initial transfer is insufficient, the later transfer from the retirement fund must include interest on the amount of the required reserve insufficiency at the greater of the following rates:

(1) the average short-term investment return rate earned by the state board over the 30-day period ending with the last business day of the month before the month in which the later adjustment transfer is made; or

(2) the preretirement interest assumption for the retirement fund as specified in section 356.215, subdivision 4d, stated as a monthly rate.

Interest on the amount of a required reserve insufficiency payable by a retirement fund shall be compounded on a monthly basis. No interest shall be payable from the postretirement investment fund in the event of a required reserve oversufficiency.

(c) The state board shall confirm in writing each certification and transfer of money made by a participating public retirement fund or plan. Each participating public retirement fund or plan shall maintain adequate records to account for money transferred to or from the postretirement investment fund.

## Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.*

### Article 10

## MINNESOTA STATE RETIREMENT SYSTEM ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1988, section 352.01, subdivision 13, is amended to read:

Subd. 13. [SALARY.] "Salary" means ~~any the periodical~~ compensation paid to any employee ~~including wages, allowances, and fees, but excluding amounts of severance pay.~~ before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs. It also means wages and includes net income from fees. Lump sum sick leave payments, 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 an employee with single coverage, are not deemed to be salary. Workers' compensation payments are not considered salary.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 352.021, subdivision 5, is amended to read:

Subd. 5. [CONTINUING COVERAGE.] Any state employee who has made contributions to the retirement fund for a period of one year and who, continuing in state service after that year, becomes eligible for membership in the state teachers retirement association as a full-time teacher, as defined in section 354.05, subdivision 2, *or is covered by section 354.05, subdivision 2a*, may continue coverage under the system by filing in its office written notice of election to continue. The election to be covered by the system under this subdivision or section 352.01, subdivision 2b, clause (3), must be made on a form approved by the director within 90 days after appointment to the position. If the option is exercised, the employee is not thereafter entitled to membership in the teachers retirement association *or in the individual retirement account plan for community college and state university faculty* while employed by the state in a position that entitled the employee to make this election.

Sec. 3. Minnesota Statutes 1988, section 352.029, subdivision 3, is amended to read:

Subd. 3. [CONTRIBUTIONS.] The employee, ~~employer,~~ and ~~additional employer~~ contributions required by section 352.04, *or by section 352.92 for employees covered by section 352.91*, are the obligation of the employee who chooses coverage under this section. However, the employing labor organization may pay the employer ~~and employer additional~~ contributions. Contributions made by the employee must be made by salary deduction. The employing labor organization shall pay all contributions to the system as required by section 352.04, *or by section 352.92 for employees covered by section 352.91.*

Sec. 4. Minnesota Statutes 1988, section 352.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP OF BOARD; ELECTION; TERM.] The policy-making function of the system is vested in a board of 11 members, who ~~shall~~ *must* be known as the board of directors. This board shall consist of three members appointed by the governor, one of whom must be a constitutional officer or appointed state official and two of whom must be public members knowledgeable in pension matters, four state employees elected by state employees covered by the system excluding employees in categories specifically authorized to designate or elect a member by this subdivision, one employee of the transit operating division of the metropolitan transit commission designated by the executive committee of the labor organization that is the exclusive bargaining agent representing employees of the transit division, one member of the state patrol retirement fund elected by members of that fund at a time and in a manner fixed by the board, one employee covered by the correctional employees plan elected by employees covered by that plan, and one retired employee elected by *disabled and retired employees of all plans administered by the system* at a time and in a manner to be fixed by the board. Two state employee members, whose terms of office begin on the first Monday in ~~March~~ *May* after their election, must be elected biennially. Elected members and the appointed transit operating division member hold office for a term of four

years, except the retired member whose term is two years, and until their successors are elected or appointed, and have qualified. *An employee of the system is not eligible for membership on the board of directors. A state employee on leave of absence is not eligible for election or reelection to membership on the board of directors. The term of any board member who is on leave for more than six months automatically ends on expiration of this period.*

Sec. 5. Minnesota Statutes 1988, section 352.115, subdivision 7, is amended to read:

Subd. 7. [APPLICATION FOR ANNUITY.] Application for annuity or optional annuity payment may be made by the employee at time of retirement, or by someone acting in behalf of the employee, upon proof of authority satisfactory to the director.

Sec. 6. Minnesota Statutes 1989 Supplement, section 352.93, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS; DURATION AND AMOUNT.] The annuity under this section shall ~~shall~~ must begin to accrue as provided in section 352.115, subdivision 8, and must be paid for an additional 84 full calendar months or to the first of the month following the month in which the employee attains normal retirement age, whichever occurs first, except that payment must not cease before the first of the month following the month in which the employee becomes 62. It must then be reduced to the amount as calculated at normal retirement age under section 352.115, except that if this amount, when added to that portion of the social security benefit based on state service the employee is ~~is~~ would be eligible to receive at the time, is less than the benefit payable under subdivision 2, the retired employee shall receive an amount that when added to the social security benefit will equal the amount payable under subdivision 2. *If the employee retired prior to age 55, the reduced benefit as calculated under section 352.115 must be actuarially reduced as provided in subdivision 2a.*

When an annuity is reduced under this subdivision, the percentage adjustments, if any, that have been applied to the original annuity under section 11A.18, before the reduction, must be compounded and applied to the reduced annuity. A former correctional employee employed by the state in a position covered by the regular plan or the unclassified employees retirement program between the age of 58 and normal retirement age shall receive a partial return of correctional contributions at retirement with six percent interest based on the following formula:

Employee contributions contributed as a correctional employee in excess of the contributions the employee would have contributed as a regular employee	X	Years and complete months of regular service between age 58 and the normal retirement age ..... number of years between age 58 and normal retirement age
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Sec. 7. Minnesota Statutes 1988, section 352.96, subdivision 4, is amended to read:

Subd. 4. [EXECUTIVE DIRECTOR TO ESTABLISH RULES.] The executive director of the system shall establish rules and procedures to

carry out this section including allocation of administrative costs against the assets accumulated under this section. Funds to pay these costs are appropriated from the fund or account in which the assets accumulated under this section are placed. The rules established by the executive director must conform to federal and state tax laws, regulations, and rulings, and are not subject to the administrative procedure act. *Except for the marketing rules, rules adopted after July 1, 1977,* relating to the options provided under subdivision 2, clauses (2) and (3), must be approved by the state board of investment. A state employee must not make payments under a plan until the plan or applicable component of the plan has been approved for tax-deferred status by the internal revenue service.

Sec. 8. [EFFECTIVE DATE.]

*Sections 1 to 7 are effective the day following final enactment.*

Article 11

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] The following persons are excluded from the meaning of "public employee":

(1) persons who are employed for professional services where the service is incidental to regular professional duties, determined on the basis that compensation for the service amounts to no more than 25 percent of the person's total annual gross earnings for all professional duties;

(2) election officers;

(3) independent contractors and their employees;

(4) patient and inmate personnel who perform services in charitable, penal, or correctional institutions of a governmental subdivision;

(5) members of boards, ~~and commissions, bands, and others~~ who serve a governmental subdivision intermittently *unless their position on the board or commission is the result of public employment within the same governmental unit;*

(6) employees ~~whose employment is not expected to continue for a period longer than six consecutive months, unless it involves employment for a probationary period that is part of a permanent position who are hired for a period of less than six consecutive months but not those employees who are hired for an unlimited period but are serving a probationary period. Immediately following the expiration of a six-month period of employment,~~ *If the period of employment is extended beyond the six-month period and the employee continues in public service and earns more than \$425 from one governmental subdivision in any one calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee in accordance with section 353.27, subdivision 4. Membership eligibility of an employee who holds concurrent temporary employment of six months or less and part-time nontemporary positions in one governmental subdivision must be determined by the salary of each position. Membership eligibility of an employee who holds nontemporary positions in one governmental subdivision must*



be determined by the total salary of all positions;

(7) ~~part-time appointed and elected employees who receive monthly whose actual compensation from one governmental subdivision does not exceeding exceed \$425 per month, and part-time employees and elected officials~~ or whose annual compensation from one governmental subdivision is stipulated in advance, in writing, to be not more than \$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 \$5,100 per employment period for employment expected to be of less than a full year's duration, except that members continue their membership until termination of public service *as defined in subdivision 11a*. Membership eligibility of an employee who holds concurrent part-time positions under this clause must be determined by the total salary of all such positions in one governmental subdivision. If compensation from one governmental subdivision to an employee under this paragraph exceeds \$5,100 per calendar year or school year after being stipulated in advance not to exceed that amount, 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's earnings first exceeded \$425;

(8) persons who first occupy an elected office after July 1, 1988, the compensation for which does not exceed \$425 per month;

(9) emergency employees who are employed by reason of work caused by fire, flood, storm, or similar disaster;

(10) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota state retirement system, the teachers retirement association, the Duluth teachers retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees police and fire fund, or any police or firefighters relief association that has consolidated with the public employees retirement association but whose members have not elected coverage by the public employees police and fire fund as provided in sections 353A.01 to 353A.10. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and 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 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 by a teacher as defined in section 354.05, subdivision 2;

(11) police matrons who are employed in a police department of a city who are transferred to the jurisdiction of a joint city and county detention and corrections authority;

(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;

(13) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are not employed full time by a governmental subdivision;

(14) resident physicians, medical interns, and pharmacist residents and interns who are serving in a degree or residency program in public hospitals and students who are serving in an internship or residency program sponsored by an accredited educational institution;

(15) appointed or elected officers who are paid entirely on a fee basis and who were not members on June 30, 1971;

(16) persons who hold a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute;

(17) persons exempt from licensure under section 125.031;

(18) persons employed by the Minneapolis community development agency;

(19) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel; and

(20) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment activities other than those as a volunteer firefighter.

Sec. 2. Minnesota Statutes 1989 Supplement, section 353.01, subdivision 11a, is amended to read:

Subd. 11a. [TERMINATION OF PUBLIC SERVICE.] *“Termination of public service”* occurs when an officer or employee ~~who~~ terminates employment ~~but~~ or is on temporary layoff as defined in subdivision 12 and does not within 30 days ~~returns~~ of termination or expiration of the temporary layoff return to nontemporary employment in the same governmental subdivision or begins employment in another position otherwise excluded from membership 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 the amount earned does not exceed the dollar limitations in subdivision 2b, clause (7).

Sec. 3. Minnesota Statutes 1988, section 353.01, subdivision 16, is amended to read:

Subd. 16. [ALLOWABLE SERVICE.] (a) “Allowable service” means service during years of actual membership in the course of which employee contributions were 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.

(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.

(c) "Allowable service" also means a period of authorized leave of absence without pay that does not exceed one year, and during or for which a member obtained credit by payments to the fund made in place of salary deductions, provided that the payments are made in an amount or amounts based on the member's average salary on which deductions were paid for the last six months of public service, or 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 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 of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to both the required employer and additional employer contributions for the employee. The payment must be made within one year from the date the leave of absence terminates. The employer by appropriate action of its governing body, made a part of its official records, before the date of the first payment of the employee contribution, may certify to the association in writing that it will cause to be paid the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at the rate of six percent a year from the date of the termination of the leave of absence to the date payment is made.

(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, *or a maternity leave. The association will grant a maximum of two months service credit for a maternity leave upon documentation from the member's governmental subdivision. A member on personal leave of absence who provides the association with a birth certificate or other evidence of birth during the personal leave time period will be granted up to two months of service credit.*

(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 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. Payment must be made within five years of the date of discharge from the military service. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at six percent 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, must be paid by the department employing the member upon return to public service, and the governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty.

(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, chapter 401, and transferred into county service under section 401.04, "allowable service" means combined years of allowable service as defined in paragraphs (a) to (e) and section 352.01, subdivision 11.

(g) For a public employee who has prior service covered by a local police or firefighters relief association 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, "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 law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

Sec. 4. Minnesota Statutes 1988, section 353.15, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] The association may pay an annuity, benefit or refund to a trust company, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former member, the association may mail or *send by electronic transfer* the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such person's account or joint account with a spouse. The association may prescribe the conditions under which such payment will be made.

Sec. 5. Minnesota Statutes 1988, section 353.27, subdivision 7, is amended to read:

Subd. 7. [ADJUSTMENT FOR ERRONEOUS RECEIPTS OR DISBURSEMENTS.] (a) [ERRONEOUS DEDUCTIONS.] Deductions taken in error by the employer from the salary of an employee for the retirement fund and transmitted to the association 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 must be refunded to the employer, provided, however, that the association and the state social security agency may make proper adjustments of 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, *except for erroneous deductions of sick leave, vacation pay, and severance pay, which may be made at any time*. 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.

(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 deducted, or a portion of it that is required to adjust the deductions, must be made to the department or institution.

Sec. 6. Minnesota Statutes 1988, 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 month of May for school districts and ~~December~~ *the last pay period covering calendar-year earnings* 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. The executive director shall check the copies of all payroll abstracts against the membership records of the association to ascertain whether any omissions have been made by a department head in the reporting of 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. 7. Minnesota Statutes 1989 Supplement, section 353.33, subdivision 6, is amended to read:

Subd. 6. [CONTINUING ELIGIBILITY FOR BENEFITS.] The eligibility for continuation of disability benefits shall be determined by the association, which has authority to require periodic examinations and *medical and earnings* evaluations of disabled members as frequently as deemed necessary. Disability benefits are contingent upon a disabled person's ~~participation in a ability to benefit from~~ *vocational rehabilitation program services provided by the department of jobs and training, division of rehabilitation services, workers' compensation program*, if the ~~executive director board~~ determines that the disabled person may be able to return to a gainful occupation. If a member is found to be no longer totally and permanently disabled and is reinstated to the payroll, payments ~~shall~~ *must not* be made for ~~no~~ more than 60 days.

Sec. 8. Minnesota Statutes 1989 Supplement, section 353.35, is amended to read:

353.35 [CONSEQUENCES OF REFUND; REPAYMENT, RIGHTS RESTORED.]

When any former member accepts a refund, all existing service credits and all rights and benefits to which the person was entitled prior to the acceptance of the refund ~~shall~~ *must* terminate and ~~shall~~ *must* not again be restored until the person acquires ~~not less than~~ *at least* 18 months allowable service credit after taking the last refund and repays all refunds taken and interest received under section 353.34, subdivisions 1 and 2, plus interest at six percent per annum compounded annually. If more than one refund has been taken, the person may repay all refunds or only the refund for the

fund in which the person had most recently been a member, with interest at six percent per annum compounded annually. All refunds must be repaid within ~~three~~ six months of the last date of termination of public service.

Sec. 9. Minnesota Statutes 1988, section 353.46, subdivision 4, is amended to read:

Subd. 4. Except as provided in section 353.84, the rights of a survivor of a former member, where such former member died prior to June 30, 1973, ~~shall must~~ be determined by the law in effect when such former member died even though a benefit is not payable until after June 30, 1973. *If the survivor is also eligible to receive a retirement annuity from the association, the survivor is eligible to receive both benefits.*

Sec. 10. Minnesota Statutes 1989 Supplement, section 353.656, subdivision 1, is amended to read:

Subdivision 1. [IN LINE OF DUTY; COMPUTATION OF BENEFITS.] Any member of the police and fire fund less than 55 years of age, who ~~shall become~~ *becomes* disabled and physically unfit to perform duties as a police officer or firefighter subsequent to June 30, 1973, as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which ~~shall has or is expected to~~ render the member physically or mentally unable to perform duties as a police officer or firefighter *for a period of at least one year*, shall receive disability benefits during the period of such disability. The benefits ~~shall must~~ be in an amount equal to 50 percent of the "average salary" pursuant to subdivision 3 plus an additional 2-1/2 percent of said average salary for each year of service in excess of 20 years. Should disability under this subdivision occur before the member has at least five years of allowable service credit in the police and fire fund, the disability benefit ~~shall must~~ be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.

Sec. 11. Minnesota Statutes 1989 Supplement, section 353.656, subdivision 3, is amended to read:

Subd. 3. [NONDUTY DISABILITY BENEFIT.] Any member who becomes disabled after not less than one year of allowable service, before reaching the age of 55, because of sickness or injury occurring while not on duty as a police officer or firefighter, and by reason of that sickness or injury the member *has been or is expected to be* unable to perform duties as a police officer or firefighter *for a period of at least one year*, ~~shall be~~ *is* entitled to receive a disability benefit. The benefit ~~shall must~~ be in the same amount and paid in the same manner as if the member were 55 years of age at the date of disability and the benefit were paid ~~pursuant to~~ *under* section 353.651. If a disability under this subdivision occurs after one but in less than 15 years of allowable service, the disability benefit ~~shall must~~ be the same as though the member had at least 15 years service. For ~~any~~ a member who is employed as a full-time firefighter by the department of military affairs of the state of Minnesota, allowable service as a full-time state military affairs department firefighter credited by the Minnesota state retirement system may be used in meeting the minimum allowable service requirement of this subdivision.

Sec. 12. Minnesota Statutes 1988, section 353.657, subdivision 1, is amended to read:

Subdivision 1. In the event any member of the police and fire fund ~~shall~~

~~die dies~~ from any cause before retirement or after becoming disabled and receiving disability benefits if no optional annuity form was elected under section 353.656, subdivision 1a, the association shall grant survivor benefits to ~~any~~ a surviving spouse who had the same legal residence as the member at the time of death and who was married to the member for a period of at least one year, except that if death occurs in the line of duty no time limit is required, and to a dependent child or children, unmarried and under the age of 18 years. The spouse and child or children ~~shall be~~ are entitled to monthly benefits as provided in the following subdivisions.

Sec. 13. Minnesota Statutes 1988, section 353.83, is amended to read:

353.83 [ADDITIONAL PAYMENTS TO CERTAIN ANNUITANTS.]

Payments of retirement annuities pursuant to this chapter, to annuitants who (a) retired prior to July 1, 1962, (b) had at least 20 years of allowable service credit in the public employees retirement association upon their termination of public employment, and (c) receive annuities of less than \$200 per month ~~shall must~~, retroactive to July 1, 1967, be supplemented by additional payments ~~by of \$15 per month from~~ the public employees retirement association ~~from moneys in the general fund of the state of Minnesota in the amount of \$15 per month, provided that such, if the annuitants have not previously qualified for the additional payments pursuant to under this section, and provided further that in no case shall the annuities plus the additional payments do not exceed \$200 per month. These additional payments shall must be made in the same manner and at the same time retirement annuities are paid and shall must be included in the warrants on which the annuities are so paid. The supplemental payment herein provided shall be excluded from additional payments are to be added to and considered a portion of the annuity otherwise payable to the recipient and must be included in the computation of any monthly survivor benefit or optional annuity which may become due and payable to any person following the death of an annuitant who, during life, received a benefit pursuant to under this section. If an annuitant entitled to receive additional payment under this section should die dies before such retroactive payment is received, payment shall must be made upon demand to the designated beneficiary in an amount equal to the accumulated benefit from July 1, 1967, to the date of death, without interest.~~

Sec. 14. [REPEALER.]

*Minnesota Statutes 1989 Supplement, section 353.87, subdivision 5, is repealed.*

Sec. 15. [EFFECTIVE DATE.]

*Sections 1 to 14 are effective the day following final enactment.*

Article 12

TECHNICAL CORRECTIONS RELATED TO 1989

BENEFIT INCREASE LEGISLATION

Section 1. Minnesota Statutes 1988, section 3A.03, subdivision 2, is amended to read:

Subd. 2. [REFUND.] (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a member of the legislature is entitled to receive upon application to the director a refund of all contributions credited to the member's account with interest at the rate of ~~five~~

six percent per annum compounded annually.

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former member of the legislature or survivors of the former member under this chapter. Should the former member of the legislature again be a member of the legislature after having taken a refund as provided above, the member shall be considered a new member. However, a new member may reinstate the rights and credit for service forfeited, provided the new member repays all refunds taken plus interest ~~thereon~~ at the rate of six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a refund.

Sec. 2. Minnesota Statutes 1989 Supplement, section 352.031, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF TERMINATION OR DENIAL.] If the executive director terminates a benefit or denies an application or a written request of any person claiming a right under chapter 352, other than sections 352.96 and 352.97; chapters 3A, 352B, 352C, and 352D; sections 490.121 to 490.133; or the applicable sections of chapters 355 and 356, the executive director ~~must~~ shall serve upon that person written notice containing:

(1) the reasons for the termination or denial;

(2) notice that the person may petition the board for a review of the termination or denial and that the petition for review must be filed within 60 days of the receipt of the written notice;

(3) *a statement that relevant documentation submitted by the petitioner to the executive director must be received in the office of the Minnesota state retirement system at least 30 days before the meeting prescribed in subdivision 4;*

(4) a statement that failure to petition the board within 60 days will preclude the person from contesting in any other court procedure or administrative hearing, the issues determined by the executive director; and

~~(4)~~ (5) a copy of this section.

Sec. 3. Minnesota Statutes 1989 Supplement, section 352.031, subdivision 3, is amended to read:

Subd. 3. [PETITION FOR REVIEW.] A person who claims a right under subdivision 2 and whose benefit has been terminated or whose application or written request has been denied may petition for a review of that decision by the board. A petition under this section must be served upon the executive director personally, or by mail postmarked no later than 60 days after the petitioner received the notice required by subdivision 2. The petition must include the sworn, notarized statement of the reasons the petitioner believes the decision of the executive director should be reversed or modified and may include relevant documentation. *Relevant documentation submitted by the petitioner to the executive director must be received in the office of the Minnesota state retirement system at least 30 days before the meeting prescribed in subdivision 4.*

Sec. 4. Minnesota Statutes 1989 Supplement, section 352.115, subdivision 3, is amended to read:

Subd. 3. [RETIREMENT ANNUITY FORMULA.] (a) This paragraph, in conjunction with section 352.116, subdivision 1, applies to a person



who became a covered employee before July 1, 1989, unless paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity amount, in which case paragraph (b) will apply. The employee's average salary, as defined in subdivision 2, multiplied by one percent per year of allowable service for the first ten years and 1.5 percent for each later year of allowable service and pro rata for completed months less than a full year shall determine the amount of the retirement annuity to which the employee is entitled.

(b) This paragraph applies to a person who *has become at least 55 years old and first became a covered employee after June 30, 1989*, and to any other covered employee who *has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is when calculated under paragraph (a), in conjunction with section 352.116, subdivision 1. The employee's average salary, as defined in subdivision 2, multiplied by 1.5 percent for each year of allowable service and pro rata for months less than a full year shall determine the amount of the retirement annuity to which the employee is entitled.*

Sec. 5. Minnesota Statutes 1989 Supplement, section 352.116, subdivision 1a, is amended to read:

Subd. 1a. [ACTUARIAL REDUCTION FOR EARLY RETIREMENT.] This subdivision applies to a person who *has become at least 55 years old and first became a covered employee after June 30, 1989*, and to any other covered employee who *has become at least 55 years old and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 352.115, subdivision 3, paragraph (a), in conjunction with subdivision 1.* ~~Ann~~ A covered employee who retires before the normal retirement age shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (b), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 6. Minnesota Statutes 1989 Supplement, section 352.116, is amended by adding a subdivision to read:

Subd. 3c. [EFFECTIVE DATE OF BOUNCE-BACK ANNUITY.] *In the event of the death of the designated optional annuity beneficiary before the retired employee or disabliant, the restoration of the normal single life annuity under subdivision 3a or 3b will take effect as of the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death certificate of the designated optional annuity beneficiary is received in the office of the Minnesota state retirement system, whichever date is later.*

Sec. 7. Minnesota Statutes 1988, section 352.73, is amended by adding a subdivision to read:

Subd. 1a. [PAYMENT ADDED.] *The supplemental benefit payable under subdivision 1 is to be added to and considered a portion of the annuity otherwise payable to the recipient.*

Sec. 8. Minnesota Statutes 1989 Supplement, section 352.93, subdivision 2a, is amended to read:

Subd. 2a. [EARLY RETIREMENT.] Any covered correctional employee who ~~has attained the age of~~ *becomes* at least 50 years old and who has at least ~~five~~ *three* years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 2, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the employee deferred receipt of the annuity from the day the annuity begins to accrue to age 55.

Sec. 9. Minnesota Statutes 1989 Supplement, section 352.93, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS; DURATION AND AMOUNT.] The annuity under this section shall begin to accrue as provided in section 352.115, subdivision 8, and must be paid for an additional 84 full calendar months or to the first of the month following the month in which the employee attains normal retirement age, whichever occurs first, except that payment must not cease before the first of the month following the month in which the employee becomes 62. It must then be reduced to the amount as calculated at *normal retirement age* under section 352.115, except that if this amount, when added to *that portion of* the social security benefit based on state service the employee ~~is~~ *would be* eligible to receive at the time, is less than the benefit payable under subdivision 2, the retired employee shall receive an amount that when added to the social security benefit will equal the amount payable under subdivision 2. *If the employee retired prior to age 55, the reduced benefit as calculated under section 352.115 must be actuarially reduced as provided in subdivision 2a.*

When an annuity is reduced under this subdivision, the percentage adjustments, if any, that have been applied to the original annuity under section 11A.18, before the reduction, must be compounded and applied to the reduced annuity. A former correctional employee employed by the state in a position covered by the regular plan or the unclassified employees retirement program between the age of 58 and normal retirement age shall receive a partial return of correctional contributions at retirement with six percent interest based on the following formula:

Employee contributions contributed as a correctional employee in excess of the contributions the employee would have contributed as a regular employee	X	Years and complete months of regular service between age 58 and the normal retirement age ..... number of years between age 58 and normal retirement age
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Sec. 10. Minnesota Statutes 1989 Supplement, section 352B.08, subdivision 2a, is amended to read:

Subd. 2a. [EARLY RETIREMENT.] Any member who has ~~attained the age of~~ *become* at least 50 years old and who has at least ~~five~~ *three* years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 2, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the member deferred receipt of the annuity from the

day the annuity begins to accrue to age 55.

Sec. 11. Minnesota Statutes 1989 Supplement, section 352B.08, subdivision 3, is amended to read:

Subd. 3. [OPTIONAL ANNUITY FORMS.] In lieu of the single life annuity provided in subdivision 2, the member or former member ~~with five years or more of service~~ may elect an optional annuity form. The board of the Minnesota state retirement system shall establish a joint and survivor annuity, payable to a designated beneficiary for life, adjusted to the actuarial equivalent value of the single life annuity. The board shall also establish an additional optional annuity with an actuarial equivalent value of the single life annuity in the form of a joint and survivor annuity which provides that the elected annuity be reinstated to the single life annuity provided in subdivision 2, if after commencing the elected joint and survivor annuity, the designated beneficiary dies before the member, which reinstatement is not retroactive but takes effect for the first full month occurring after the death of the designated beneficiary. The board may also establish other actuarial equivalent value optional annuity forms. In establishing actuarial equivalent value optional annuity forms, each optional annuity form shall have the same present value as a regular single life annuity using the mortality table adopted by the board and the interest assumption specified in section 356.215, subdivision 4d, and the board shall obtain the written recommendation of the commission-retained actuary. These recommendations shall be a part of the permanent records of the board.

Sec. 12. Minnesota Statutes 1989 Supplement, section 352B.11, subdivision 2, is amended to read:

Subd. 2. [DEATH; PAYMENT TO SPOUSE AND CHILDREN.] If a member serving actively as a member, a member receiving the disability benefit provided by section 352B.10, subdivision 1, or a former member receiving a disability benefit as provided by section 352B.10, subdivision 2, dies from any cause, the surviving spouse and dependent children are entitled to benefit payments as follows:

(a) A member with at least three years of allowable service is deemed to have elected a 100 percent joint and survivor annuity payable to a surviving spouse only on or after the date the member or former member became or would have become 55.

(b) The surviving spouse of a member who had credit for less than three years of service shall receive, for life, a monthly annuity equal to 50 percent of that part of the average monthly salary of the member from which deductions were made for retirement. If the surviving spouse remarries, the annuity shall cease as of the date of the remarriage.

(c) The surviving spouse of a member who had credit for at least three years service and who died after ~~attaining~~ *becoming* 55 years of age ~~old~~, may elect to receive a 100 percent joint and survivor annuity, for life, notwithstanding a subsequent remarriage, in lieu of the annuity prescribed in paragraph (b).

(d) The surviving spouse of any member who had credit for three years or more and who was not 55 years of age ~~old~~ at death, shall receive the benefit equal to 50 percent of the average monthly salary as described in clause (b) until the deceased member would have ~~reached the age of~~ *become* 55 years ~~old~~, and beginning the first of the month following that date, may elect to receive the 100 percent joint and survivor annuity. If the surviving

spouse remarries before the deceased member's 55th ~~birthdate~~ *birth date*, benefits or annuities shall cease as of the date of remarriage. Remarriage after the deceased member's 55th birthday shall not affect the payment of the benefit.

(e) Each dependent child shall receive a monthly annuity equal to ten percent of that part of the average monthly salary of the former member from which deductions were made for retirement. A dependent child over 18 and under 23 years of age also may receive the monthly benefit provided in this section, if the child is continuously attending an accredited school as a full-time student during the normal school year as determined by the director. If the child does not continuously attend school but separates from full-time attendance during any part of a school year, the annuity shall cease at the end of the month of separation. In addition, a payment of \$20 per month shall be prorated equally to surviving dependent children when the former member is survived by one or more dependent children. Payments for the benefit of any qualified dependent child must be made to the surviving spouse, or if there is none, to the legal guardian of the child. The maximum monthly benefit *for any one family* must not be less than 50 nor exceed 70 percent of the average monthly salary for any number of children.

(f) If the member dies under circumstances that entitle the surviving spouse and dependent children to receive benefits under the workers' compensation law, the workers' compensation benefits received by them must not be deducted from the benefits payable under this section.

(g) The surviving spouse of a deceased former member who had credit for three or more years of allowable service, but not the spouse of a former member receiving a disability benefit under section 352B.10, subdivision 2, is entitled to receive the 100 percent joint and survivor annuity at the time the deceased member would have ~~reached the age of~~ *become* 55 years *old*, if the surviving spouse has not remarried before that date. If a former member dies who does not qualify for other benefits under this chapter, the surviving spouse or, if none, the children or heirs are entitled to a refund of the accumulated deductions left in the fund plus interest at the rate of six percent per year compounded annually.

Sec. 13. Minnesota Statutes 1988, section 352B.11, subdivision 4, is amended to read:

Subd. 4. [REENTRY INTO STATE SERVICE.] When a former member, who has become separated from state service that entitled the member to membership and has received a refund of retirement payments, reenters the state service in a position that entitles the member to membership, that member shall receive credit for the period of prior allowable state service if the member repays into the fund the amount of the refund, plus interest on it at the rate of ~~five~~ *six* percent per year, at any time before subsequent retirement. Repayment may be made in installments or in a lump sum.

Sec. 14. Minnesota Statutes 1988, section 352C.09, subdivision 2, is amended to read:

Subd. 2. (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a constitutional officer or commissioner is entitled to receive upon application to the director a refund of all contributions credited to the individual's account with interest at the rate of ~~five~~ *six* percent per annum compounded annually.

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former constitutional officer or commissioner or survivors thereof under the provisions of this chapter. Should the former constitutional officer or commissioner again hold such office after having taken a refund as provided above, the former officer or commissioner shall be considered a new member and may reinstate the rights and credit for service forfeited provided all refunds previously taken are repaid with interest at six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a refund.

Sec. 15. Minnesota Statutes 1988, section 352D.05, subdivision 3, is amended to read:

Subd. 3. Thirty days after termination of covered employment or at any time thereafter, a participant ~~shall be~~ *is* entitled, upon application, to withdraw the cash value of the participant's total shares or ~~may~~ leave such shares on deposit with the supplemental retirement fund. Shares not withdrawn ~~shall~~ *must* remain on deposit with the supplemental retirement fund until the former participant ~~attains the age of~~ *becomes* at least ~~58~~ *55* years old, and applies for an annuity as ~~provided in~~ *under* section 352D.06, subdivision 1.

Sec. 16. Minnesota Statutes 1989 Supplement, section 353.29, subdivision 3, is amended to read:

Subd. 3. [RETIREMENT ANNUITY FORMULA.] (a) This paragraph, in conjunction with section 353.30, subdivisions 1, 1a, 1b, and 1c, applies to any member who first became a public employee before July 1, 1989, unless paragraph (b), in conjunction with section 353.30, subdivision 5, produces a higher annuity amount, in which case paragraph (b) will apply. The average salary as defined in subdivision 2, multiplied by two percent for each year of allowable service for the first ten years and thereafter by 2.5 percent per year of allowable service and completed months less than a full year for the "basic member", and one percent for each year of allowable service for the first ten years and thereafter by 1.5 percent per year of allowable service and completed months less than a full year for the "coordinated member," shall determine the amount of the "normal" retirement annuity.

(b) This paragraph applies to a member who *has become at least 55 years old and* first became a public employee after June 30, 1989, and to any other member whose annuity amount, when calculated under this paragraph and in conjunction with section 353.30, subdivision 5, is higher than it is when calculated under paragraph (a), in conjunction with section 353.30, subdivisions 1, 1a, 1b, and 1c. The average salary, as defined in subdivision 2, multiplied by 2.5 percent for each year of allowable service and completed months less than a full year for a basic member and 1.5 percent per year of allowable service and completed months less than a full year for a coordinated member, shall determine the amount of the normal retirement annuity.

Sec. 17. Minnesota Statutes 1989 Supplement, section 353.30, is amended to read:

### 353.30 [ANNUITIES UPON RETIREMENT.]

Subdivision 1. Upon separation from public service, any person who first became a public employee before July 1, 1989, and who has ~~attained~~

~~the age of become~~ at least 58 years *old* but not more than normal retirement age and who received credit for not less than 20 years of allowable service is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement.

Subd. 1a. Any person who first became a public employee before July 1, 1989, and whose attained age plus credited allowable service totals 90 years is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, paragraph (a), without any reduction in annuity by reason of such early retirement.

Subd. 1b. Any person who first became a public employee before July 1, 1989, with 30 years or more of allowable service credit, who elects early retirement under subdivision 1, shall receive an annuity in an amount equal to the normal annuity provided under section 353.29, subdivisions 2 and 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under age 62 at the time of retirement.

Subd. 1c. Any person who first became a public employee before July 1, 1989, and who has received credit for at least 30 years of allowable service or who has ~~attained the age of become~~ at least 55 years *old* but not normal retirement age, and has received credit for at least three years of allowable service is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement, except that for any member who has 30 or more years of allowable service the reduction shall be applied only for each month that the member is under age 62 at the time of retirement.

Subd. 3. [OPTIONAL RETIREMENT ANNUITY FORMS.] The board of trustees shall establish optional annuities which shall take the form of a joint and survivor annuity. Except as provided in subdivision 3a, the optional annuity forms shall be actuarially equivalent to the forms provided in section 353.29 and subdivisions 1, 1a, 1b, 1c, and 5. In establishing those optional forms, the board shall obtain the written recommendation of the commission-retained actuary. The recommendations shall be a part of the permanent records of *the* board. A member or former member may select an optional form of annuity in lieu of accepting any other form of annuity which might otherwise be available.

Subd. 3a. [BOUNCE-BACK ANNUITY.] (a) If a former member or disabilitant selects a joint and survivor annuity option under subdivision 3, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) A former member or disabilitant who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction

of the person's annuity. A former member or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date.

(c) A former member or disabilitant who took a further actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the former member or disabilitant if the designated optional beneficiary *dies first but has not* died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.

Subd. 3b. [BOUNCE-BACK ANNUITY.] (a) The board of trustees must provide a joint and survivor annuity option to members of the police and fire fund. Under this option, a former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) A former member or disabilitant of the police and fire fund who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date.

(c) A former member or disabilitant who took a further actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the former member or disabilitant if the designated optional beneficiary *dies first but has not* died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.

Subd. 3c. [EFFECTIVE DATE OF BOUNCE-BACK ANNUITY.] *In the event of the death of the designated optional annuity beneficiary before the retired employee or disabilitant, the restoration of the normal single life annuity under subdivision 3a or 3b will take effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on*

*which a certified copy of the death certificate is received in the office of the public employees retirement association, whichever date is later.*

Subd. 4. ~~Any~~ Monthly payments to which any person may be entitled under this chapter may be reduced ~~in amount~~ upon application of ~~the person entitled thereto~~ to the association, provided that the person shall first relinquish in writing all claim to that part of the full monthly payment which is the difference between the monthly payment which that person would be otherwise entitled to receive and the monthly payment which that person will receive. The reduced monthly payment shall be payment in full of all amounts due under this chapter for the month for which the payment is made and acceptance of the reduced monthly payment releases the retirement association from all obligation to pay to the person the difference between the amount of the reduced monthly payment and the full amount of the monthly payment which the person would otherwise have received. Upon application of the person who is entitled to such monthly payment, it may be increased prospectively to not more than the amount to which the person would have been entitled had no portion thereof been waived.

Subd. 5. [ACTUARIAL REDUCTION FOR EARLY RETIREMENT.] This subdivision applies to a member who *has become at least 55 years old and first became a public employee after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under section 353.29, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 353.29, subdivision 3, paragraph (a), in conjunction with subdivision 1, 1a, 1b, or 1c.* An employee who retires before normal retirement age shall be paid the retirement annuity provided in section 353.29, subdivision 3, paragraph (b), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 18. Minnesota Statutes 1989 Supplement, section 353.651, subdivision 4, is amended to read:

Subd. 4. [EARLY RETIREMENT.] Any police officer or firefighter member who has ~~attained the age of~~ *become at least 50 years old* and who has at least ~~five~~ *three* years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity from the day the annuity begins to accrue until the member attains age 55.

Sec. 19. Minnesota Statutes 1988, section 354.07, subdivision 4, is amended to read:

Subd. 4. It shall be the duty of the board from time to time to certify to the state board of investment for investment as much of the funds in its hands as shall not be needed for current purposes. ~~Such funds that are certified to the variable annuity division shall include employee deductions as well as an equal amount for state's matching.~~ Such funds that are certified as to investment in the postretirement investment fund shall include the amount as required for the total reserves needed for the purposes described in section 354.63. The state board of investment shall thereupon transfer such assets to the appropriate fund provided herein, in accordance with the



procedure set forth in ~~sections 354.62 and~~ section 354.63, or invest and reinvest an amount equal to the sum so certified in such securities as are now or may hereafter be duly authorized legal investments for state employees retirement fund and all such securities so transferred or purchased shall be deposited with the state treasurer. All interest from these investments shall be credited to the appropriate funds and used for current purposes or investments, except as hereinafter provided. The state board of investment shall have authority to sell, convey, and exchange such securities and invest and reinvest the funds when it deems it desirable to do so, and shall sell securities upon request of the officers of the association when such officers determine funds are needed for its purposes. All of the provisions regarding accounting procedures and restrictions and conditions for the purchase and sale of securities for the state employees retirement fund shall apply to the accounting, purchase and sale of securities for the teachers' retirement fund.

Sec. 20. Minnesota Statutes 1989 Supplement, section 354.071, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF TERMINATION OR DENIAL.] If the executive director terminates a benefit or denies an application or a written request of any person claiming a right under this chapter or the applicable sections of chapters 136, 355, and 356, the executive director must serve upon that person a written notice. The notice must contain:

(1) the reasons for the termination or denial;

(2) notice that the person may petition the board for a review of the termination or denial and that the petition for review must be filed within 60 days of the receipt of the written notice;

(3) *a statement that relevant documentation submitted by the petitioner to the executive director must be received in the office of the teachers retirement association at least 30 days before the meeting prescribed in subdivision 4;*

(4) a statement that failure to petition the board within 60 days will preclude the person from contesting in any other court procedure or administrative hearing, the issues determined by the executive director; and

~~(4)~~ (5) a copy of this section.

Sec. 21. Minnesota Statutes 1989 Supplement, section 354.071, subdivision 3, is amended to read:

Subd. 3. [PETITION FOR REVIEW.] A person who claims a right under subdivision 2 and whose benefit has been terminated or whose application or written request has been denied may petition for a review of that decision by the board. A petition under this section must be served upon the executive director personally, or by mail postmarked no later than 60 days after the petitioner received the notice required by subdivision 2. The petition must include the sworn, notarized statement of the reasons the petitioner believes the decision of the executive director should be reversed or modified and may include relevant documentation. *Relevant documentation submitted by the petitioner to the executive director must be received in the office of the teachers retirement association at least 30 days before the meeting prescribed in subdivision 4.*

Sec. 22. Minnesota Statutes 1988, section 354.146, subdivision 1, is amended to read:

Subdivision 1. Every member who has rendered teaching service or was on an authorized leave of absence after June 30, 1972 is covered by the full formula program ~~except that those members who have contributed to the variable annuity fund are covered by the combined formula and variable annuity program.~~ The benefit of a former member who does not return to teaching service ~~prior to~~ before retirement shall be determined under the program in effect at the time of termination.

Sec. 23. Minnesota Statutes 1988, section 354.42, subdivision 2, is amended to read:

Subd. 2. The employee contribution to the fund shall be an amount equal to 4-1/2 percent of the salary of every coordinated member and 8-1/2 percent of the salary of every basic member. This contribution shall be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, such member's employee contribution shall be based on the entire salary received. ~~For purposes of financing the various options related to the variable annuity division, employee variable annuity contributions will be credited in accordance with section 354.62, subdivision 2.~~

Sec. 24. Minnesota Statutes 1988, section 354.42, subdivision 3, is amended to read:

Subd. 3. The employer contribution to the fund shall be an amount equal to 4-1/2 percent of the salary of each coordinated member and 8-1/2 percent of the salary of each basic member. This contribution shall be made in the manner provided in section 354.43. ~~For purposes of financing the various options related to the variable annuity division, employer contributions equal to the employee variable annuity contributions prescribed in section 354.62, subdivision 2, shall be allocated at the same time to the employer variable annuity contribution account in section 354.62, subdivision 3.~~

Sec. 25. Minnesota Statutes 1989 Supplement, section 354.44, subdivision 6, is amended to read:

Subd. 6. [COMPUTATION OF FORMULA PROGRAM RETIREMENT ANNUITY.] (1) The formula retirement annuity hereunder shall be computed in accordance with the applicable provisions of the formulas stated in clause (2) or (4) on the basis of each member's average salary for the period of the member's formula service credit. ~~For the purposes of computing the formula benefits under the formula and variable program, if a combination of these formulas is used, the formula percentages used will be those percentages in each formula as continued for the respective years of service from one formula to the next.~~

For all years of formula service credit, "average salary," for the purpose of determining the member's retirement annuity, means the average salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in Minnesota Statutes 1971, section 354.511 for the highest five successive years of formula service credit provided, however, that such "average salary" shall not include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of formula service credit if this service credit is less than five years.

(2) This clause, in conjunction with clause (3), applies to a person who first became a member of the fund before July 1, 1989, unless clause (4), in conjunction with clause (5), produces a higher annuity amount, in which

case clause (4) applies. The average salary as defined in clause (1), multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	1.0 percent per year	2.0 percent per year
Each year of service thereafter	1.5 percent per year	2.5 percent per year

(3)(i) This clause applies only to a person who first became a member of the fund before July 1, 1989, and whose annuity is higher when calculated under clause (2), in conjunction with this clause than when calculated under clause (4), in conjunction with clause (5).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in clause (2) ~~and subdivision 7, paragraph (a)~~, reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in clause (2), without any reduction by reason of early retirement.

(4) This clause applies to a member who *has become at least 55 years old and* first became a member of the fund after June 30, 1989, and to any other member *who has become at least 55 years old and* whose annuity amount when calculated under this clause and in conjunction with clause (5), is higher than it is when calculated under clause (2), in conjunction with clause (3). The average salary, as defined in clause (1) multiplied by 2.5 percent for each year of service for a basic member and by 1.5 percent for each year of service for a coordinated member shall determine the amount of the retirement annuity to which the member is entitled.

(5) This clause applies to a person who *has become at least 55 years old and* first becomes a member of the fund after June 30, 1989, and to any other member *who has become at least 55 years old and* whose annuity is higher when calculated under clause (4) in conjunction with this clause than when calculated under clause (2), in conjunction with clause (3). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in clause (4) ~~and subdivision 7, paragraph (b)~~, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 26. Minnesota Statutes 1989 Supplement, section 354.45, subdivision 1a, is amended to read:

Subd. 1a. [BOUNCE-BACK ANNUITY.] (a) If a former member or disabilitant selects a joint and survivor annuity option under subdivision 1, the former member or disabilitant must receive a normal single life

annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) A former member or disabilitant who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date.

(c) *The restoration of the normal single life annuity under this subdivision will take effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death certificate of the designated optional annuity beneficiary is received in the office of the teachers retirement association, whichever date is later.*

Sec. 27. Minnesota Statutes 1988, section 354.46, subdivision 1, is amended to read:

Subdivision 1. [BASIC PROGRAM; BENEFITS FOR SPOUSE AND CHILDREN OF TEACHER.] If a basic member who has at least 18 months of allowable service credit and who has an average salary as defined in section 354.44, subdivision 6 equal to or greater than \$75 dies prior to retirement or if a former basic member who, at the time of death, was totally and permanently disabled and receiving disability benefits pursuant to section 354.48 dies prior to attaining the age of 65 years, the surviving dependent spouse and dependent children of the basic member or former basic member shall be entitled to receive a monthly benefit as follows:

- (a) Surviving dependent spouse . . . . . 50 percent of the basic member's monthly average salary paid in the last full fiscal year preceding death
- (b) Each dependent child . . . . . ten percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

Payments for the benefit of any dependent child under the age of 22 years shall be made to the surviving parent, or if there be none, to the legal guardian of the child. The maximum monthly benefit shall not exceed \$1,000 for any one family, and the minimum benefit per family shall not be less than 50 percent of the basic member's average salary, subject to the foregoing maximum. The surviving dependent spouse benefit shall terminate upon remarriage, and the surviving dependent children's benefit shall be reduced pro tanto when any surviving child is no longer dependent.

If the basic member and the surviving dependent spouse are killed in a common disaster and if the total of all survivors benefits payable pursuant to this subdivision is less than the accumulated deductions plus interest payable, the surviving dependent children shall receive the difference in a lump sum payment.

If the survivor benefits provided in this subdivision exceed in total the monthly average salary of the deceased basic member, these benefits shall be reduced to an amount equal to the deceased basic member's monthly average salary.

Prior to payment of any survivor benefit pursuant to this subdivision, in lieu of that benefit, the surviving dependent spouse may elect to receive the joint and survivor annuity provided pursuant to subdivision 2, or may elect to receive a refund of accumulated deductions with interest in a lump sum as provided pursuant to ~~sections~~ section 354.47, subdivision 1 ~~or 354.62, subdivision 5, clause (3)~~. If there are any surviving dependent children, the surviving dependent spouse may elect to receive the refund of accumulated deductions only with the consent of the district court of the district in which the surviving dependent child or children reside.

Sec. 28. Minnesota Statutes 1989 Supplement, section 354.46, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.] The surviving spouse of any member or former member who has attained the age of at least 50 years and has credit for at least three years of allowable service or who has credit for at least 30 years of allowable service irrespective of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. If the surviving spouse does not elect to receive a surviving spouse benefit provided pursuant to subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions provided pursuant to section 354.47, subdivision 1, ~~or 354.62, subdivision 5, clause (3), whichever is applicable~~, the surviving spouse shall be entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity as provided pursuant to section 354.45 and computed pursuant to section 354.44, subdivision 2, 6, or 7, whichever is applicable. The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 354.44, subdivisions 6 and 7, and 354.60 apply to a deferred annuity payable under this section. ~~If the member was a participant in the variable annuity division, the applicable portion of the benefit shall be computed pursuant to section 354.62, subdivision 5, clause (1).~~ The benefit shall be payable for life.

Sec. 29. Minnesota Statutes 1989 Supplement, section 354.47, subdivision 1, is amended to read:

Subdivision 1. [DEATH BEFORE RETIREMENT.] (1) If a member dies before retirement and is covered pursuant to the provisions of section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit pursuant to section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, the surviving spouse, or if there is no surviving spouse, the designated beneficiary shall be entitled to an amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death.

(2) If a member dies before retirement and is covered pursuant to the provisions of section 354.44, ~~subdivisions~~ subdivision 6 and 7, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, the surviving spouse, or if there is no surviving spouse,

the designated beneficiary shall be entitled to an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957, and from July 1, 1957, to the date of death the member's accumulated deductions plus interest at the rate of six percent per annum compounded annually.

~~(3) The amounts payable in clause (1) or (2) are in addition to the amount payable in section 354.62, subdivision 5, for the member's variable annuity account.~~

Sec. 30. Minnesota Statutes 1989 Supplement, section 354.48, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF BENEFITS.] (1) The amount of the disability benefit granted to members covered under section 354.44, subdivision 2, clauses (1) and (2), is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest on the amount computed as though the teacher were at normal retirement age at the time the benefit begins to accrue and in accordance with the law in effect when the disability application is received. Any member who applies for a disability benefit after June 30, 1974, and who failed to make an election pursuant to Minnesota Statutes 1971, section 354.145, shall have the disability benefit computed under this clause or clause (2), whichever is larger.

The benefit granted shall be determined by the following:

(a) the amount of the accumulated deductions;

(b) interest actually earned on these accumulated deductions to the date the benefit begins to accrue;

(c) interest for the years from the date the benefit begins to accrue to the date the member attains normal retirement age at the rate of three percent;

(d) annuity purchase rates based on an appropriate annuity table of mortality established by the board as provided in section 354.07, subdivision 1, and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 4d.

In addition, a supplementary monthly benefit shall be paid to basic members only in accordance with the following table:

Age When Benefit Begins to Accrue	Supplementary Benefit
Under Age 56	\$50
56	45
57	40
58	35
59	30
60	25
61	20
62	15
63	10
64	5

(2) The disability benefit granted to members covered under section 354.44, subdivision 6 or 7, shall be computed in the same manner as the

annuity provided in section 354.44, subdivision 6 or 7, ~~whichever is applicable~~. The disability benefit shall be the formula annuity without the reduction for each month the member is under normal retirement age when the benefit begins to accrue.

(3) For the purposes of computing a retirement annuity when the member becomes eligible, the amounts paid for disability benefits shall not be deducted from the individual member's accumulated deductions. If the disability benefits provided in this subdivision exceed the monthly average salary of the disabled member, the disability benefits shall be reduced to an amount equal to the disabled member's average salary.

Sec. 31. Minnesota Statutes 1989 Supplement, section 354.49, subdivision 2, is amended to read:

Subd. 2. Except as provided in section 354.44, subdivision 1, any person who ceases to be a member by reason of termination of teaching service, shall receive a refund in an amount equal to the accumulated deductions credited to the account as of June 30, 1957, and after July 1, 1957, the accumulated deductions with interest at the rate of six percent per annum compounded annually ~~plus any variable annuity account accumulations payable pursuant to section 354.62, subdivision 5, clause (4)~~. For the purpose of this subdivision, interest shall be computed on fiscal year end balances to the first day of the month in which the refund is issued.

Sec. 32. Minnesota Statutes 1989 Supplement, section 354.49, subdivision 3, is amended to read:

Subd. 3. Any person who has attained normal retirement age with less than three years of credited allowable service shall be entitled to receive a refund in an amount equal to the person's accumulated deductions plus interest in lieu of a proportionate annuity pursuant to section 356.32 except those covered under the provisions of section 354.44, subdivision 6 or 7, in which case the refund shall be an amount equal to the accumulated deductions credited to the person's account as of June 30, 1957, and after July 1, 1957, the accumulated deductions plus interest at the rate of six percent compounded annually.

Sec. 33. Minnesota Statutes 1989 Supplement, section 354.50, subdivision 5, is amended to read:

Subd. 5. ~~Notwithstanding section 354.62, subdivision 5, clause (4)~~. A member who received a refund of variable account accumulations may repay this refund to the member's formula account under this section.

Sec. 34. Minnesota Statutes 1988, section 354.52, subdivision 2, is amended to read:

Subd. 2. Each school board or managing body shall, on or before August 1, each year, report to the teachers retirement board giving an itemized summary of the total amount withheld from the salaries of teachers for ~~regular teacher's teachers retirement deductions and for variable annuity deductions~~, and such other information as the executive director may require. If the itemized summary is received after August 1 in any year, there shall be a penalty not to exceed \$25 for each month or portion thereof which the summary is delinquent, as determined by the board of trustees. The penalty shall be paid by the school board or the managing body.

Sec. 35. Minnesota Statutes 1989 Supplement, section 354.55, subdivision 11, is amended to read:

Subd. 11. [DEFERRED ANNUITY; AUGMENTATION.] Any person covered under section 354.44, ~~subdivisions subdivision 6 and 7~~, who ceases to render teaching service, may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision shall be governed pursuant to section 354.44, subdivision 1, or 354.60.

The amount of the deferred retirement annuity shall be determined by section 354.44, ~~subdivisions subdivision 6 and 7~~, and augmented as provided in this subdivision. The required reserves related to that portion of the annuity which had accrued when the member ceased to render teaching service shall be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months or if this period commences prior to July 1, 1971. The rates of interest used for this purpose shall be five percent compounded annually commencing July 1, 1971, until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former member attains age 55. From that date to the effective date of retirement, the rate is five percent compounded annually. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with this fund. If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service shall be those applicable to new members. The mortality table and interest assumption used to compute the annuity shall be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purposes of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

~~The provisions of this subdivision shall not apply to variable account accumulations as defined in section 354.05, subdivision 23.~~

In no case shall the annuity payable under this subdivision be less than the amount of annuity payable pursuant to section 354.44, ~~subdivisions subdivision 6 and 7~~.

The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, clause (3) or (5), shall also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

The augmentation provided by this subdivision shall not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.



Sec. 36. Minnesota Statutes 1988, section 354.55, subdivision 19, is amended to read:

Subd. 19. Any member or retired former member who is covered by the formula ~~or formula and variable programs~~ in effect after June 30, 1973 and who made payments to the fund pursuant to Minnesota Statutes 1965, section 354.511 shall upon request receive a refund of such payments.

Sec. 37. Minnesota Statutes 1989 Supplement, section 354.65, is amended to read:

354.65 [ADMINISTRATIVE EXPENSES.]

Necessary and reasonable administrative expenses incurred by the teachers retirement association must be prorated and allocated to the teachers retirement fund, and the organization's participation in ~~both the Minnesota variable annuity investment fund and the Minnesota supplemental investment fund~~ in accordance with policies and procedures established by the board of trustees of the teachers retirement association.

Sec. 38. Minnesota Statutes 1989 Supplement, section 354.66, subdivision 2, is amended to read:

Subd. 2. A teacher in the public elementary schools, secondary schools, or technical institutes or in the community college system or the state university system of the state who has 20 years or more of allowable service in the fund or 20 years or more of full-time teaching service in Minnesota public elementary schools, secondary schools, or technical institutes or in the community college system or the state university system, or a teacher in the community college system or state university system who has attained at least age 55 and has ten years or more of allowable service in the fund *or ten years or more of full-time teaching service as described in this subdivision*, may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part-time teaching position.

Sec. 39. Minnesota Statutes 1989 Supplement, section 354A.095, is amended to read:

354A.095 [MATERNITY LEAVE.]

A ~~Basic or coordinated member~~ *members* of the St. Paul teachers retirement fund association and ~~old or new coordinated members~~ of the Duluth teachers retirement fund association, who are granted parental or maternity leave of absence by the employing authority, are entitled to obtain service credit not to exceed one year for the period of leave upon payment to the applicable fund by the end of the fiscal year *following the fiscal year* in which the leave of absence terminated. The amount of the payment must include the total required employee and employer contributions for the period of leave prescribed in section 354A.12. Payment must be based on the member's average monthly salary upon return to teaching service, and is payable without interest. Payment must be accompanied by a certified or otherwise adequate copy of the resolution or action of the employing authority granting or approving the leave.

Sec. 40. Minnesota Statutes 1989 Supplement, section 354A.31, subdivision 4, is amended to read:

Subd. 4. [COMPUTATION OF THE NORMAL COORDINATED

RETIREMENT ANNUITY.] (a) The normal coordinated retirement annuity shall be an amount equal to a retiring coordinated member's average salary multiplied by the retirement annuity formula percentage. Average salary for purposes of this section shall mean an amount equal to the average salary upon which contributions were made for the highest five successive years of service credit, but which shall not in any event include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of service credit if this service credit is less than five years.

(b) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member before July 1, 1989, unless paragraph (c), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (c) will apply. The retirement annuity formula percentage for purposes of this paragraph is one percent per year for each year of coordinated service for the first ten years and ~~1-1/2~~ 1.5 percent for each year of coordinated service thereafter.

(c) This paragraph applies to a person *who has become at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7 is higher than it is when calculated under paragraph (b), in conjunction with the provisions of subdivision 6.* The retirement annuity formula percentage for purposes of this paragraph is ~~1-1/2~~ 1.5 percent for each year of coordinated service.

Sec. 41. Minnesota Statutes 1989 Supplement, section 354A.31, subdivision 6, is amended to read:

Subd. 6. [REDUCED RETIREMENT ANNUITY.] This subdivision applies only to a person who first became a coordinated member before July 1, 1989, and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision ~~(4)~~ 4, paragraph (b), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), in conjunction with subdivision 7.

(a) Upon retirement at an age ~~prior to~~ *before* normal retirement age with three years of service credit or prior to age 62 with at least 30 years of service credit, a coordinated member shall be entitled to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision (4), paragraph (b), reduced by one-quarter of one percent for each month that the coordinated member is under normal retirement age if the coordinated member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit.

(b) Any coordinated member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision (4), paragraph (b), without any reduction by reason of early retirement.

Sec. 42. Minnesota Statutes 1989 Supplement, section 354A.31, subdivision 7, is amended to read:

Subd. 7. [ACTUARIAL REDUCTION FOR EARLY RETIREMENT.] This subdivision applies to a person *who has become at least 55 years old and first becomes a coordinated member after June 30, 1989, and to any*

other coordinated member *who has become at least 55 years old and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (b), in conjunction with subdivision 6.* A coordinated member who retires before the full benefit age shall be paid the retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 43. Minnesota Statutes 1989 Supplement, section 354A.32, subdivision 1, is amended to read:

Subdivision 1. [OPTIONAL FORMS GENERALLY.] The boards of the Minneapolis and the St. Paul teachers retirement fund associations shall each establish for the coordinated program and the board of the Duluth teachers retirement fund association shall establish for the new law coordinated program an optional retirement annuity which shall take the form of a joint and survivor annuity. Each board may also in its discretion establish an optional annuity which shall take the form of an annuity payable for a period certain and for life thereafter. *Each board shall also establish an optional retirement annuity that guarantees payment of the balance of the annuity recipient's accumulated deductions to a designated beneficiary upon the death of the annuity recipient.* Except as provided in subdivision 1a, optional annuity forms shall be the actuarial equivalent of the normal forms provided in section 354A.31. In establishing these optional annuity forms, the board shall obtain the written recommendation of the commission-retained actuary. The recommendation shall be a part of the permanent records of the board.

Sec. 44. Minnesota Statutes 1989 Supplement, section 354A.32, subdivision 1a, is amended to read:

Subd. 1a. [BOUNCE-BACK ANNUITY.] (a) If a former coordinated member or disabliant has selected a joint and survivor annuity option under subdivision 1, the former member or disabliant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabliant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) A former coordinated member or disabliant who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabliant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabliant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date.

(c) A former coordinated member or disabliant who took a further

actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the former member or disabliant if the designated optional beneficiary *dies first but has not died* before July 1, 1989, shall have the annuity increased as of July 1, 1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.

*(d) The restoration of the normal single life annuity under this subdivision will take effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death certificate of the designated optional annuity beneficiary is received in the office of the appropriate teachers retirement fund association, whichever date is later.*

Sec. 45. Minnesota Statutes 1989 Supplement, section 354B.02, subdivision 2, is amended to read:

Subd. 2. [PERSONS WITH CERTAIN PRIOR ALLOWABLE SERVICE.] A person with less than three years of prior allowable service as a member of the teachers retirement association other than in covered employment under section 354B.01, subdivision 2 or 3, and who is first employed in covered employment after June 30, 1989, ~~may remain~~ *remains* a member of the teacher's retirement association for all purposes ~~or, but a coordinated member may elect to participate in the plan. This election to participate in the plan must be made within 60 days of the start of covered employment.~~

Sec. 46. Minnesota Statutes 1989 Supplement, section 354B.02, subdivision 3, is amended to read:

Subd. 3. [OPTIONAL PARTICIPATION.] A person with less than three years of allowable service who was first employed in covered employment before July 1, 1989, and who is a coordinated member of the teachers retirement association, may elect to transfer retirement coverage to the plan under section ~~6~~ *354B.03*. The election must be made on a form provided by the executive director. An election to transfer retirement coverage to the plan must be made before July 1, 1992, and is irrevocable. When a member transfers coverage to the plan, all existing service credits with the association to which the person was entitled before the transfer terminate and may not be restored.

Sec. 47. Minnesota Statutes 1989 Supplement, section 354B.03, subdivision 1, is amended to read:

Subdivision 1. [~~PROCEDURE TRANSFER.~~] If a person with less than three years of allowable service elects a transfer to the plan under section 354B.02, subdivision 2 or 3, the executive director of the teachers retirement association shall transfer from the teachers retirement fund to the plan the person's member contributions plus interest compounded annually at five percent a year. The transfer must be made within 90 days from the date the executive director receives notification of the election. The transfer may not include any amount representing an employer contribution ~~or any amount representing the repayment of a refund received by the association~~

after the date of enactment of this act.

Sec. 48. Minnesota Statutes 1989 Supplement, section 354B.03, subdivision 3, is amended to read:

Subd. 3. [ELECTION.] A person with ~~more than~~ three or more years of allowable service credit who was first employed in covered employment before July 1, 1989, or after June 30, 1989, as provided in section 354B.02, subdivision 2, may elect coverage by the plan *before July 1, 1992*. If coverage is elected, accumulated employer and employee contributions and allowable service credit ~~shall~~ *must* remain with the teachers retirement fund and that person ~~shall remain~~ *is* eligible for a deferred annuity from that fund augmented with interest at the rate of five percent computed as specified in section 354.55, subdivision 11. Future contributions only shall be made to the plan. *An election made under this subdivision is irrevocable.*

Sec. 49. Minnesota Statutes 1988, 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 ~~five~~ *three* years;

(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~~ *three* continuous years of allowable service credit by the general employee retirement plan or has at least a total of ~~five~~ *three* 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. 50. Minnesota Statutes 1988, section 356.302, subdivision 4, is amended to read:

Subd. 4. [PUBLIC SAFETY PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of public safety employee retirement plans is entitled to a combined service disability benefit if the member:

(1) is less than 55 years ~~of age~~ *old* on the date of application for the disability benefit;

(2) has become occupationally disabled;

(3) has credit for allowable service in any combination of public safety

employee retirement plans totaling at least one year if the disability is duty-related or totaling at least ~~five~~ *three* years if the disability is not duty-related;

(4) has credit for at least six months of allowable service with the current public safety employee retirement plan before the commencement of the disability; and

(5) is not receiving a retirement annuity or disability benefit from any covered public safety employee retirement plan at the time of the commencement of the disability.

Sec. 51. Minnesota Statutes 1989 Supplement, section 356.371, subdivision 3, is amended to read:

Subd. 3. [REQUIREMENT OF NOTICE TO MEMBER'S SPOUSE.] If a public pension fund provides optional retirement annuity forms which include a joint and survivor optional retirement annuity form potentially applicable to the surviving spouse of a member, the chief administrative officer of the public pension fund shall send a copy of the written statement required by subdivision 2 to the spouse of the member before the member's election of an optional retirement annuity.

Following the election of an ~~optional~~ *a* retirement annuity form by the member, a copy of the completed retirement annuity application and retirement annuity beneficiary form must be sent by the public pension fund to the spouse of the retiring member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form. If the required signed acknowledgment is not received from the spouse within 30 days, the public pension fund must send another copy of the completed retirement annuity application and retirement annuity beneficiary form to the spouse by certified mail.

Sec. 52. Minnesota Statutes 1989 Supplement, section 356.86, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF POSTRETIREMENT ADJUSTMENT; PAYMENT.] (a) For any person receiving an annuity or benefit on November 30, 1989, and entitled to receive a postretirement adjustment under subdivision 1, the postretirement adjustment is a lump sum payment calculated under paragraph (b) or (c).

(b) For coordinated plan ~~members~~ *annuity or benefit recipients*, the postretirement adjustment in 1989 is \$25 for each full year of allowable service credited to the person by the respective retirement fund. In 1990 and each following year, the postretirement adjustment is the amount payable in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(c) For basic plan ~~members~~ *annuity or benefit recipients*, the postretirement adjustment in 1989 is the greater of:

(1) \$25 for each full year of allowable service credited to the person by the respective retirement fund; or

(2) the difference between:

(i) the product of \$400 times the number of full years of allowable service credited to the person by the respective retirement fund; and

(ii) the sum of the benefits payable to the person from any Minnesota public employee pension plan, and cash benefits payable to the person from the social security administration.

In 1990 and each following year, each *eligible* basic plan ~~member~~ *annuity or benefit recipient* shall receive the amount received in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(d) The postretirement adjustment provided for in this section is payable for those persons receiving an annuity or benefit on November 30, 1989, on December 1, 1989. In subsequent years, the adjustment must be paid on December 1, ~~unless the beneficiary~~ *to those persons receiving an annuity or benefit on the preceding November 30. A person who is entitled eligible may elect to participate in an optional annuity or benefit receipt schedule under subdivision 4. This section does not authorize the payment of a postretirement adjustment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. Notwithstanding section 356.18, the postretirement adjustment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the postretirement adjustment not be paid.*

Sec. 53. Minnesota Statutes 1989 Supplement, section 356.86, subdivision 4, is amended to read:

Subd. 4. [OPTIONAL ~~BENEFIT~~ POSTRETIREMENT ADJUSTMENT PAYMENT SCHEDULE.] Basic plan *annuity or benefit* recipients receiving adjustments under subdivision 2, paragraph (c), clause (2), and whose adjustment exceeds 20 percent of their Minnesota plan *annuity or benefit* may elect to have the amount of the ~~benefit~~ adjustment paid in equal monthly amounts instead of receiving a ~~benefit adjustment~~ *lump sum payment* on December 1 ~~of each year, 1989~~. Selection of this option must be made by the recipient in writing on forms prepared by the retirement association. *This option may be revoked by the recipient in writing prior to November 1 preceding the December 1 lump sum distribution. Upon the death of the annuity or benefit recipient, any remaining unpaid monthly amounts shall be paid to the surviving spouse, or if no spouse survives, to the annuity or benefit recipient's beneficiary or estate.*

Sec. 54. Minnesota Statutes 1989 Supplement, section 356.86, subdivision 5, is amended to read:

Subd. 5. [SOCIAL SECURITY INFORMATION.] To be eligible for a ~~benefit~~ *postretirement* adjustment calculated under subdivision 2, paragraph (c), clause (2), a person must authorize the social security administration to release to the retirement association information on the person's social security cash benefits. *This authorization must be received by the retirement association before the December 1, 1989, payment date.*

Sec. 55. Minnesota Statutes 1989 Supplement, section 356.86, subdivision 6, is amended to read:

Subd. 6. [REPORT.] By September 30, 1990, the retirement funds listed in subdivision 3 shall report to the legislature and the commissioner of

finance on the number of *annuity and* benefit recipients eligible for each type of adjustment established in subdivision 2, the annual cost of each type of adjustment, and the estimated actuarial liability associated with each.

Sec. 56. Laws 1989, chapter 319, article 19, section 7, subdivision 4, is amended to read:

Subd. 4. [AMOUNT OF ANNUAL POSTRETIREMENT PAYMENT.] The amount determined under subdivision 3 must be applied in accordance with this subdivision. The relief association shall apply the first one-half of one percent of *assets which constitute* excess investment income to the payment of an annual postretirement payment as specified in this subdivision. The second one-half of one percent of *assets which constitute* excess investment income shall be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due to the relief association under section 423A.02 for the current calendar year. The relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed one-half of one percent of the assets of the fund. Payment of the annual postretirement payment must be in a lump sum amount on June 1 following the determination date in any year. Payment of the annual postretirement payment may be made only if the time weighted total rate of return exceeds by two percent the actual percentage increase in the current monthly salary of a top grade patrol officer or a top grade firefighter, whichever applies, in the most recent fiscal year and the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a top grade patrol officer or a top grade firefighter, whichever applies, of the previous five years. The total amount of all payments to members may not exceed the amount determined under subdivision 3. Payment to each eligible member must be calculated by dividing the total number of pension units to which eligible members are entitled into the excess investment income available for distribution to members, and then multiplying that result by the number of units to which each eligible member is entitled to determine each eligible member's annual postretirement payment. Payment to each eligible member may not exceed an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the benefit plan of the relief association or each eligible member's proportionate share of the excess investment income, whichever is less.

Sec. 57. [REPEALER.]

*Minnesota Statutes 1988, sections 11A.19, subdivisions 1, 2, 3, 4, 5, 6, 7, and 8; 354.05, subdivisions 23, 24, 33, and 34; 354.146, subdivision 2; and 354.62, subdivisions 1, 3, 4, 5, and 6; Minnesota Statutes 1989 Supplement, sections 11A.19, subdivision 9; 353.87, subdivision 5; 354.44, subdivision 7; and 354.62, subdivisions 2 and 7, are repealed.*

Sec. 58. [EFFECTIVE DATE.]

*Sections 1 to 57 are effective the day following final enactment.*

#### Article 13

### PURCHASES OF CREDIT FOR PRIOR SERVICE

Section 1. [BUY-BACK OF PRIOR SERVICE CREDIT.]

*Subdivision 1. [MILITARY AFFAIRS.] A person who was employed by*



*the department of military affairs between April 14, 1967, and December 31, 1974, may purchase service credit from the Minnesota state retirement system for periods of that employment for which allowable service credit has not been obtained.*

*Subd. 2. [ST. CLOUD CITY COUNCIL.] A person who began service as an elected member of the St. Cloud city council on April 20, 1980, and who began participating in the public employees retirement association on February 19, 1989, may purchase credit for prior service as an elected member of the city council from April 20, 1980, to February 18, 1989.*

*Subd. 3. [AITKIN COUNTY OFFICIAL.] A member of the public employees retirement association with prior service as an elected county official in Aitkin county between January 4, 1971, and December 31, 1975, may purchase allowable service credit in the association for that period of service.*

*Subd. 4. [ST. LOUIS PARK.] A person who was born on July 31, 1927, who is the city attorney for the city of Brooklyn Park, and who was a member of the city council for the city of St. Louis Park from January 1, 1960, to January 1, 1968, is entitled to purchase credit from the public employees retirement association for that period of service if not otherwise credited as allowable service by the association.*

*Subd. 5. [PURCHASE.] Notwithstanding Minnesota Statutes, section 352.01, subdivision 11, any member of the Minnesota state retirement system currently employed by the Willmar Regional Treatment Center who left state service to attend the University of Michigan, Ann Arbor, between February 1966 and April 1968 may obtain allowable service credit for that period.*

*Subd. 6. [PERA.] A basic member of the public employees retirement association who was employed by the city of White Bear Lake from March 1, 1966, to February 1979, employed by the metropolitan transit commission on February 23, 1979, and who received a reduced salary based on service with the metropolitan transit commission between November 4, 1987, and March 1, 1988, may elect to exclude that service from calculation of the highest five successive years average salary used to determine the person's annuity from the public employees retirement association.*

*Subd. 7. [PURCHASE PAYMENT AMOUNT.] To purchase credit for prior service under subdivisions 1 to 5 there must be paid to the applicable fund an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity obtained by the purchase of the additional service credit. To make an exclusion under subdivision 6, there must be paid to the public employees retirement association an amount equal to the difference in the present value, on the date of payment, of the additional retirement annuity obtained by the exclusion of service between November 4, 1987, and March 1, 1988, from calculation of the highest five successive years average salary. Calculation of this amount must be made using the applicable preretirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the fund. The calculation must assume continuous future service in the association 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. The calculation must also assume a future salary history*

that includes annual salary increases at the salary increase rate specified in section 356.215, subdivision 4d. The person requesting the purchase of prior service shall establish in the records of the fund or association sufficient 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 association.

*Subd. 8. [PAYMENT; CREDITING SERVICE.] Payment must be made in one lump sum, unless the executive director of the fund or association 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 or the period of service excluded from calculation of the high five only after receipt of full payment by the executive director.*

*Subd. 9. [OPTIONAL EMPLOYER PARTIAL PAYMENT.] Payment is the obligation of the person entitled to purchase credit for the prior service. However, the current or former employer of a person specified in subdivisions 1 to 6 may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period of prior service applied to the actual salary rates in effect during the period 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 14

### MISCELLANEOUS RETIREMENT PROVISIONS

Section 1. Minnesota Statutes 1988, section 424A.02, subdivision 3, is amended to read:

*Subd. 3. [FLEXIBLE SERVICE PENSION MAXIMUMS.] On or before August 1 of each year as part of the certification of the financial requirements and minimum municipal obligation made pursuant to section 69.772, subdivision 4, or 69.773, subdivision 5, the secretary or some other official of the relief association designated in the bylaws of each relief association shall calculate and certify to the governing body of the applicable qualified municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing shall include any amounts of fire state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated pursuant to sections 69.772, subdivision 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if any. The maximum service pension which the relief association may provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met shall be determined using the applicable following table.*

For a relief association where the governing bylaws provide for a monthly

service pension to a retiring member, if the average amount of available financing per active covered firefighter does not exceed the minimum average amount specified below, then the maximum monthly service pension amount per month for each year of service credited which may be provided for in the bylaws shall be the greater of: (1) the service pension amount provided for in the bylaws on the date of calculation; or (2) the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter \$ . . . . .	Maximum Service Pension Amount Payable per Month for Each Year of Service \$ .25
37	.50
75	1.00
112	1.50
149	2.00
186	2.50
224	3.00
261	3.50
298	4.00
336	4.50
373	5.00
447	6.00
522	7.00
597	8.00
671	9.00
746	10.00
820	11.00
895	12.00
969	13.00
1044	14.00
1119	15.00
1193	16.00
1268	17.00
1342	18.00
1417	19.00
1491	20.00
1566	21.00
1640	22.00
1678 or more	22.50
1715	23.00
1790	24.00
1865	25.00
1940	26.00
2015	27.00
2090	28.00
2165	29.00
2240 or more	30.00

For a relief association in which the governing bylaws provide for a lump sum service pension to a retiring member, if the average amount of available financing per active covered firefighter does not exceed the minimum average amount specified below, then the maximum lump sum service pension amount for each year of service credited which may be provided for in the bylaws shall be the greater of: (1) the service pension amount provided for

in the bylaws on the date of the calculation; or (2) the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter \$ . . . . .	Maximum Lump Sum Service Pension Amount Payable for Each Year of Service \$10
10	20
14	30
20	40
24	50
28	60
38	80
48	100
58	120
68	140
76	160
86	180
96	200
116	240
134	280
154	320
172	360
192	400
212	440
230	480
250	520
268	560
288	600
308	640
326	680
346	720
364	760
384	800
432	900
480	1000
528	1100
576	1200
624	1300
672	1400
720	1500
768	1600
816	1700
864	1800
912	1900
960	2000
1008	2100
1056	2200
1104	2300
1152	2400
1200	2500
1248	2600
1296	2700
1344	2800

1392	2900
1440 or more	3000

For a relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump sum service pension at the option of the retiring member, the maximum service pension amount shall be determined using the applicable table contained in this subdivision.

**Sec. 2. [REPEAL OF REDUNDANT POSTRETIREMENT ADJUSTMENT.]**

*Subdivision 1. Laws 1989, chapter 335, article 1, section 50, is repealed.*

*Subd. 2. This section is effective retroactively to July 1, 1989.*

**Sec. 3. [EFFECTIVE DATE.]**

*Sections 1 and 2 are effective on the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to retirement; various retirement plans; including gambling enforcement division officers in the membership of the state patrol retirement plan; requiring regular investment performance reporting from public pension plans; modifying various retirement provisions related to state university and community college faculty members; including certain state lottery employees in the unclassified state employees retirement programs; modifying economic interest statement requirements for certain pension plan fiduciaries; changing schedule for actuarial valuations for the Thief River Falls police pension trust fund; excluding certain interns from public employees retirement association membership; extending retirement coverage to certain former crime bureau employees; restoring forfeited service credit for certain former St. Paul bureau of health employees; authorizing the transfer of the Moose Lake volunteer firefighters relief association; authorizing additional college supplemental retirement plan designated beneficiaries; authorizing service credit for medical leave periods in teacher retirement plans; authorizing annuitization of certain teacher postretirement amounts; expanding coverage of a public employees defined contribution plan to include elected local government employees; transferring certain employer contributions from the teachers retirement association to the individual retirement account plan for post-June 30, 1988, state university and community college faculty; modifying the Minnesota postretirement investment fund reserve transfer procedure; making certain administrative modifications in Minnesota state retirement system and in public employees retirement association laws; making certain technical corrections related to the 1989 benefit increase legislation; authorizing various purchases of credit for prior service; modifying the flexible service pension maximums for volunteer firefighters relief associations providing monthly service pensions; repealing a redundant postretirement adjustment provision; amending Minnesota Statutes 1988, sections 3A.03, subdivision 2; 11A.18, subdivision 6; 43A.34, subdivision 4; 136.81, by adding a subdivision; 352.01, subdivision 13; 352.029, subdivision 3; 352.03, subdivision 1; 352.115, subdivision 7; 352.73, by adding a subdivision; 352.96, subdivision 4; 352B.01, subdivision 2; 352B.11, subdivision 4; 352B.14, subdivision 4; 352C.09, subdivision 2; 352D.02, subdivision 1; 352D.05, subdivision 3; 353.01, subdivisions 7 and 16; 353.15, subdivision 2; 353.27, subdivisions 7 and 10; 353.46, subdivision 4; 353.657, subdivision 1; 353.83; 353D.01; 353D.02; 353D.03; 353D.04; 353D.05, subdivisions 1

and 3; 353D.06; 353D.07; 353D.08; 353D.09; 354.07, subdivision 4; 354.146, subdivision 1; 354.42, subdivisions 2 and 3; 354.46, subdivision 1; 354.52, subdivision 2; 354.55, subdivision 19; 354B.01, subdivisions 2 and 3; 356.302, subdivisions 3 and 4; 424A.02, subdivision 3; Minnesota Statutes 1989 Supplement, sections 136.81, subdivision 1; 136.82, subdivisions 1 and 2; 352.01, subdivision 2b; 352.021, subdivision 5; 352.031, subdivisions 2 and 3; 352.115, subdivision 3; 352.116, subdivision 1a, and by adding a subdivision; 352.93, subdivisions 2a and 3; 352B.08, subdivisions 2a and 3; 352B.11, subdivision 2; 353.01, subdivisions 2b and 11a; 353.29, subdivision 3; 353.30; 353.33, subdivision 6; 353.35; 353.651, subdivision 4; 353.656, subdivisions 1 and 3; 354.071, subdivisions 2 and 3; 354.44, subdivision 6; 354.45, subdivision 1a; 354.46, subdivision 2; 354.47, subdivision 1; 354.48, subdivision 3; 354.49, subdivisions 2 and 3; 354.50, subdivision 5; 354.55, subdivision 11; 354.65; 354.66, subdivision 2; 354A.095; 354A.31, subdivisions 4, 6, and 7; 354A.32, subdivisions 1 and 1a; 354B.02, subdivisions 2, 3, and by adding a subdivision; 354B.03, subdivisions 1 and 3; 354B.05, subdivision 3; 356.371, subdivision 3; 356.86, subdivisions 2, 4, 5, and 6; 356A.06, subdivision 4; Laws 1978, chapter 689, section 4, subdivision 2, as amended; Laws 1980, chapter 612, section 3, as amended; Laws 1989, chapter 319, article 19, section 7, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 353D; 354; 354A; and 356; repealing Minnesota Statutes 1988, sections 11A.19, subdivisions 1 to 8; 136.81, subdivisions 2 and 3; 136.82, subdivisions 3 and 4; 136.83; 136.85; 354.05, subdivisions 23, 24, 33, and 34; 354.146, subdivision 2; 354.62, subdivisions 1, 3, 4, 5, and 6; Minnesota Statutes 1989 Supplement, sections 11A.19, subdivision 9; 136.82, subdivisions 1 and 2; 136.84; 353.87, subdivision 5; 354.44, subdivision 7; and 354.62, subdivisions 2 and 7; and Laws 1989, chapter 335, article 1, section 50."

The motion prevailed. So the amendment was adopted.

Mr. Moe, D.M. then moved to amend the Moe, D.M. amendment to H.F. No. 2103, adopted by the Senate April 6, 1990, as follows:

Page 19, line 31, delete "456" and insert "457"

Page 20, line 14, delete "a"

Page 20, delete line 15

Page 20, line 16, delete "*portion may not exceed*"

Page 20, line 21, delete "and," and insert ". *This amount*"

Page 36, delete section 7

Renumber the sections of article 11 in sequence and correct the internal references

Amend the title amendment accordingly

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

Mr. Metzen moved to amend H.F. No. 2103, as amended pursuant to Rule 49, adopted by the Senate March 22, 1990, as follows:

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

Page 16, after line 30, insert:

"Section 1. Minnesota Statutes 1988, section 353A.09, subdivision 5,

is amended to read:

Subd. 5. [REGULAR AND ADDITIONAL MUNICIPAL CONTRIBUTIONS.] (a) Following the effective date of consolidation, the applicable regular municipal contribution rate and applicable salary rate to which the regular municipal contribution rate applies on behalf of persons who were formerly members of the relief association shall be as follows:

(1) on behalf of persons who have elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable regular municipal contribution rate shall be that specified in section 353.65, subdivision 3, and the applicable salary rate to which the regular municipal contribution rate applies shall be that specified in subdivision 4, clause (1); and

(2) on behalf of persons who have not elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable regular municipal contribution rate shall be 12 percent and the applicable salary rate to which the regular municipal contribution rate applies shall be that specified in subdivision 4, clause (2).

(b) Following the effective date of consolidation, the applicable additional municipal contribution amount shall be the sum of the following:

(1) the annual level dollar contribution as calculated by the actuary retained by the commission as of the effective date of consolidation which is required to amortize by December 31, 2010, that portion of the present value of future benefits computed on the basis of the benefit plan producing the largest present value of future benefits for each individual which remains after subtracting the present value of future member contributions as provided in subdivision 4, the present value of future regular municipal contributions as provided in clause (a), and the market value of the assets of the relief association transferred to the fund; and

(2) the amount of the annual contribution as calculated by the actuary retained by the commission as of the most recent actuarial valuation date which is required to amortize on a level annual dollar basis the amount of any net actuarial experience loss incurred during the year which ended as of the day immediately before the most recent actuarial valuation date by December 31 of the year occurring 15 years later.

(c) Regular municipal contributions shall be made in the manner provided in section 353.28. Additional municipal contributions shall be paid during the calendar year following the annual certification of the amount of the annual additional municipal contribution by the executive director of the public employees retirement association and, if made during the month of January, shall be payable without any interest, or if made after January 31, but before the next following December 31, shall be payable with interest for the period since January 1 at a rate which is equal to the preretirement interest rate assumption specified in section 356.215, subdivision 4d, applicable to the fund expressed as a monthly rate and compounded on a monthly basis or if made after December 31 of the year in which the additional municipal contribution is due shall be payable with interest at a rate which is four percent greater than the highest interest rate assumption specified in section 356.215, subdivision 4d, expressed as a monthly rate and compounded monthly from January 1 of the year in which the additional municipal contribution is due until the date on which payment is made.

*(d) With respect to the consolidation of the West St. Paul fire relief*

*association with the public employees police and fire fund on January 1, 1989, as soon as practicable following the first regular actuarial valuation of the local consolidation account after the effective date of consolidation and the determination of the anticipated future additional municipal contribution amount under paragraph (b), the amount by which the actual initial additional municipal contribution certified to and paid by the municipality exceeded the anticipated future additional municipal contribution resulting from the first regular actuarial valuation must be refunded to the municipality.”*

Page 17, after line 30, insert:

*“Section 1 is effective the day following final enactment.”*

Page 17, lines 31 and 34, delete “1” and insert “2”

Page 18, line 1, delete “2” and insert “3”

ReNUMBER the sections of article 6 in sequence

Amend the title accordingly

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

### CALL OF THE SENATE

Mr. Knaak imposed a call of the Senate for the balance of the proceedings on H.F. No. 2103. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Metzen then moved to amend H.F. No. 2103, as amended pursuant to Rule 49, adopted by the Senate March 22, 1990, as follows:

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

Page 16, after line 30, insert:

“Section 1. Minnesota Statutes 1988, section 353A.09, subdivision 5, is amended to read:

Subd. 5. [REGULAR AND ADDITIONAL MUNICIPAL CONTRIBUTIONS.] (a) Following the effective date of consolidation, the applicable regular municipal contribution rate and applicable salary rate to which the regular municipal contribution rate applies on behalf of persons who were formerly members of the relief association shall be as follows:

(1) on behalf of persons who have elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable regular municipal contribution rate shall be that specified in section 353.65, subdivision 3, and the applicable salary rate to which the regular municipal contribution rate applies shall be that specified in subdivision 4, clause (1); and

(2) on behalf of persons who have not elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable regular municipal contribution rate shall be 12 percent and the applicable salary rate to which the regular municipal contribution rate applies shall be that specified in subdivision 4, clause (2).

(b) Following the effective date of consolidation, the applicable additional municipal contribution amount shall be the sum of the following:

(1) the annual level dollar contribution as calculated by the actuary



retained by the commission as of the effective date of consolidation which is required to amortize by December 31, 2010, that portion of the present value of future benefits computed on the basis of the benefit plan producing the largest present value of future benefits for each individual which remains after subtracting the present value of future member contributions as provided in subdivision 4, the present value of future regular municipal contributions as provided in clause (a), and the market value of the assets of the relief association transferred to the fund; and

(2) the amount of the annual contribution as calculated by the actuary retained by the commission as of the most recent actuarial valuation date which is required to amortize on a level annual dollar basis the amount of any net actuarial experience loss incurred during the year which ended as of the day immediately before the most recent actuarial valuation date by December 31 of the year occurring 15 years later.

(c) Regular municipal contributions shall be made in the manner provided in section 353.28. Additional municipal contributions shall be paid during the calendar year following the annual certification of the amount of the annual additional municipal contribution by the executive director of the public employees retirement association and, if made during the month of January, shall be payable without any interest, or if made after January 31, but before the next following December 31, shall be payable with interest for the period since January 1 at a rate which is equal to the preretirement interest rate assumption specified in section 356.215, subdivision 4d, applicable to the fund expressed as a monthly rate and compounded on a monthly basis or if made after December 31 of the year in which the additional municipal contribution is due shall be payable with interest at a rate which is four percent greater than the highest interest rate assumption specified in section 356.215, subdivision 4d, expressed as a monthly rate and compounded monthly from January 1 of the year in which the additional municipal contribution is due until the date on which payment is made.

*(d) As soon as practicable following the first regular actuarial valuation of the local consolidation account after the effective date of consolidation and the determination of the anticipated future additional municipal contribution amount under paragraph (b), the amount by which the actual initial additional municipal contribution certified to and paid by the municipality exceeded the anticipated future additional municipal contribution resulting from the first regular actuarial valuation must be refunded to the municipality."*

Page 17, after line 30, insert:

*"Section 1 is effective the day following final enactment."*

Page 17, lines 31 and 34, delete "1" and insert "2"

Page 18, line 1, delete "2" and insert "3"

Renumber the sections of article 6 in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2103 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	Cohen	Freeman	McGowan	Piper
Anderson	Dahl	Gustafson	McQuaid	Pogemiller
Beckman	Davis	Hughes	Mehrkens	Purfeerst
Belanger	Decker	Johnson, D.J.	Merriam	Ramstad
Benson	DeCramer	Knaak	Metzen	Reichgott
Berg	Dicklich	Kroening	Moe, D.M.	Renneke
Berglin	Diessner	Laidig	Moe, R.D.	Samuelson
Bernhagen	Flynn	Langseth	Morse	Spear
Bertram	Frank	Lantry	Novak	Storm
Brandl	Frederick	Lessard	Pariseau	Stumpf
Brataas	Frederickson, D.J.	Luther	Pehler	Vickerman
Chmielewski	Frederickson, D.R.	Marty	Piepho	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1787 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1787: A bill for an act relating to education; modifying the maximum effort education facility aid law capital loan program and review and comment procedures for certain construction; appropriating money; amending Minnesota Statutes 1988, sections 121.148, subdivision 2; 121.15, subdivisions 1, 7, and 8; Minnesota Statutes 1989 Supplement, sections 121.15, subdivision 2; 124.38, subdivision 7; Minnesota Statutes Second 1989 Supplement, section 124.2442, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 124; repealing Minnesota Statutes 1988, section 124.43, subdivisions 2, 3, 3a, 3b, 4, 5, and 6; and Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	Mehrkens	Ramstad
Anderson	Davis	Johnson, D.J.	Merriam	Reichgott
Beckman	Decker	Knaak	Metzen	Renneke
Benson	DeCramer	Kroening	Moe, R.D.	Samuelson
Berg	Dicklich	Laidig	Morse	Spear
Berglin	Diessner	Langseth	Novak	Storm
Bernhagen	Flynn	Lantry	Pariseau	Stumpf
Bertram	Frank	Lessard	Pehler	Vickerman
Brandl	Frederick	Luther	Piepho	
Brataas	Frederickson, D.J.	Marty	Piper	
Chmielewski	Frederickson, D.R.	McGowan	Pogemiller	
Cohen	Freeman	McQuaid	Purfeerst	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2173 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2173: A bill for an act relating to the environment; providing assistance to eligible recipients on methods to prevent toxic pollution; providing financial assistance to research and demonstrate alternative means to prevent toxic pollution; requiring facilities to develop plans to prevent toxic pollution; providing penalties; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 115D.

Mr. Lessard moved to amend S.F. No. 2173 as follows:

Page 10, line 7, delete everything after "a"

Page 10, delete lines 8 to 19 and insert "*fee based on the total pounds of toxic pollutants reported released per facility. Facilities reporting less than 25,000 pounds annually of toxic pollutants released per facility shall be assessed a fee of \$500. Facilities reporting annual releases of toxic pollutants in excess of 25,000 pounds shall be assessed a graduated fee at the rate of two cents per pound of toxic pollutants reported, not to exceed a total of \$30,000 per facility.*"

Page 10, line 22, delete "\$2,000" and insert "\$500"

Page 10, line 27, delete "October 1" and insert "January 1"

The motion prevailed. So the amendment was adopted.

Mr. Dahl moved to amend S.F. No. 2173 as follows:

Page 1, after line 10, insert:

"ARTICLE 1"

Page 12, after line 8, insert:

"ARTICLE 2

#### COMPREHENSIVE CHLOROFLUOROCARBON REDUCTION AND RECYCLING ACT OF 1990

##### Section 1. [CITATION.]

*Sections 1 to 8 may be cited as the "comprehensive chlorofluorocarbon reduction and recycling act of 1990."*

##### Sec. 2. [PURPOSE.]

*It is the intent of the legislature to reduce the amount of CFCs used and emitted in Minnesota. Towards this goal, it is the legislature's intent that Minnesota industries use alternative chemicals when available and feasible. Where no alternative exists, CFCs should be recaptured and recycled whenever possible.*

Sec. 3. Minnesota Statutes 1988, section 116.70, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 116.71 to ~~116.73~~ 116.7395.

##### Sec. 4. [116.735] [REQUIREMENTS TO RECYCLE CFCs.]

*Subdivision 1. [SALVAGE AUTOMOBILES.] A person who processes automobiles for salvage must remove CFCs for recycling prior to disposal or sale of the materials containing CFCs. This subdivision does not apply to crushed automobiles or automobiles that have been processed in a*

*manner that makes removal and recovery of CFCs impossible.*

**Subd. 2. [REFRIGERATION EQUIPMENT.]** *A person processing scrap refrigerators, central air conditioning units, or freezers must remove and recycle, destroy, or properly dispose of the CFCs.*

**Subd. 3. [MOBILE AIR CONDITIONING EQUIPMENT.]** *A person servicing or removing mobile air conditioning equipment must:*

*(1) recapture CFCs, provide storage for recaptured CFCs, and transfer recaptured CFCs to a recycler; or*

*(2) recapture CFCs and recycle the CFCs to an allowed use.*

**Subd. 4. [SERVICING OF APPLIANCES.]** *(a) A person servicing refrigerators, central air conditioning units, or freezers must:*

*(1) recapture CFCs, provide storage for recaptured CFCs, and transfer recaptured CFCs to a recycler; or*

*(2) recapture CFCs and recycle the CFCs to an allowed use.*

*(b) The recovered CFCs may be properly disposed of or destroyed.*

**Subd. 5. [FOAM NOT REQUIRED TO BE RECYCLED.]** *This section does not require recycling of rigid or flexible foam.*

**Subd. 6. [RULES.]** *The agency may adopt rules for recycling CFCs and establish standards for CFC recycling equipment under this section.*

**Sec. 5. [116.737] [REQUIREMENT TO RECYCLE FIRE EXTINGUISHER HALONS.]**

*A person who recharges, services, or retires fire extinguishers must recapture and recycle halons.*

**Sec. 6. [116.7395] [MEDICAL DEVICE EXEMPTION.]**

*Sections 1 to 5 do not apply to processes using CFCs or halons on medical devices, in sterilization processes in health care facilities, or by a person or facility in manufacturing or selling of medical devices.*

**Sec. 7. [116.7397] [UNIFORM CFC REGULATION.]**

*It is the policy of this state to regulate and manage CFCs in a uniform manner throughout the state. Political subdivisions may not adopt, and are preempted from adopting or enforcing, requirements relating to CFCs that are different than state law.*

**Sec. 8. [325E.35] [SALE OF CERTAIN CFC PRODUCTS PROHIBITED.]**

**Subdivision 1. [MOTOR VEHICLE COOLANTS.]** *A person may not offer for sale or sell CFC coolants in containers weighing less than 15 pounds that are designed for or are suitable for use in motor vehicle air conditioners except to persons who possess CFC recycling equipment and who present proof of ownership of CFC recycling equipment at the time of purchase.*

**Subd. 2. [SOLVENTS.]** *A person may not offer for sale or sell solvents containing CFCs in containers weighing 15 pounds or less.*

**Subd. 3. [PARTY STREAMERS.]** *A person may not offer for sale or sell CFC propelled party streamers.*

**Subd. 4. [NOISE HORNS.]** *A person may not offer for sale or sell CFC*

noise horns.

*Subd. 5. [CFC DEFINITION.] For purposes of this section, the term "CFC" has the definition given in section 116.70, subdivision 3.*

*Subd. 6. [APPLICABILITY TO NEW CHEMICALS.] For each new chemical added to section 116.70, subdivision 3, after the effective date of this act, the application of this section to the new chemical is effective on the date specified for elimination of production of that chemical in the Montreal Treaty.*

Sec. 9. [EFFECTIVE DATE.]

*Section 4, subdivisions 1 and 2, are effective July 1, 1991. Section 4, subdivision 3, and section 8, subdivisions 1, 3, and 4, are effective January 1, 1993. Section 8, subdivision 2, is effective January 1, 1994."*

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mrs. Pariseau moved to amend S.F. No. 2173 as follows:

Page 11, after line 16, insert:

"Sec. 14. [STUDY.]

*As part of its current study on the mix of air pollutants in the metropolitan area, the pollution control agency shall determine if the inspection maintenance program should be altered to meet new federal requirements contained in the Clean Air Act amendments. The pollution control agency shall also determine the reduction in overall emissions that would result from requiring that all vehicles owned by governmental units in the metropolitan area use block heaters. The pollution control agency shall also assess the cost-effectiveness of retrofitting current public parking facilities for block heater use. The pollution control agency shall report its findings to the legislature by January 10, 1991."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2173 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	Cohen	Freeman	McGowan	Piper
Anderson	Dahl	Gustafson	McQuaid	Pogemiller
Beckman	Davis	Hughes	Mehrkens	Purfeerst
Belanger	Decker	Johnson, D.J.	Merriam	Ramstad
Benson	DeCramer	Knaak	Metzen	Reichgott
Berg	Dicklich	Kroening	Moe, D.M.	Renneke
Berglin	Diessner	Laidig	Moe, R.D.	Samuelson
Bernhagen	Flynn	Langseth	Morse	Spear
Bertram	Frank	Lantry	Novak	Storm
Brandl	Frederick	Lessard	Pariseau	Stumpf
Brataas	Frederickson, D.J.	Luther	Pehler	Vickerman
Chmielewski	Frederickson, D.R.	Marty	Piepho	

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

### **MEMBERS EXCUSED**

Mr. Peterson, R. W. was excused from the Session of today. Messrs. Mehrkens and Spear were excused from the Session of today from 10:00 a. m. to 12:00 noon. Mr. Lessard was excused from the Session of today from 1:15 to 1:30 p. m. and 3:15 to 3:30 p. m. Mr. Dahl was excused from the Session of today from 3:00 to 3:45 p. m. Mr. Frank was excused from the Session of today from 7:30 to 8:00 p. m. Mr. Samuelson was excused from the Session of today from 7:30 to 9:00 p. m. Messrs. Johnson, D. E.; Schmitz and Solon were excused from the Session of today at 8:30 p. m. Mr. Larson and Ms. Olson were excused from the Session of today at 9:00 p. m. Mr. Waldorf was excused from the Session of today at 9:30 p. m. Mr. Purfeerst was excused from the Session of today at 9:45 p. m.

### **ADJOURNMENT**

Mr. Moe, R. D. moved that the Senate do now adjourn until 11:00 a. m., Monday, April 9, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## EIGHTY-SEVENTH DAY

St. Paul, Minnesota, Monday, April 9, 1990

The Senate met at 11:00 a.m. and was called to order by the President.

### CALL OF THE SENATE

Mr. Frank imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by Senator Donald Storm.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

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

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

The President declared a quorum present.

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

### 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. 2478 at 11:00 a.m.:

Messrs. Belanger, Novak, Pogemiller, Stumpf and Johnson, D.J. 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 referred

H.F. No. 1854 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.
1854	1757				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1854 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1854 and insert the language after the enacting clause of S.F. No. 1757, the first engrossment; further, delete the title of H.F. No. 1854 and insert the title of S.F. No. 1757, the first engrossment.

And when so amended H.F. No. 1854 will be identical to S.F. No. 1757, and further recommends that H.F. No. 1854 be given its second reading and substituted for S.F. No. 1757, 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. 1854 was read the second time.

## **MOTIONS AND RESOLUTIONS**

Messrs. Bertram and Diessner introduced—

Senate Resolution No. 180: A Senate resolution commemorating Minnesota State Trooper Charles B. Aldean, Woodbury, Minnesota, for his dedicated and heroic service to our country during his tour of duty in Vietnam.

Referred to the Committee on Rules and Administration.

## **RECESS**

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

## **MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted 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, makes the following report:

Any bill on the General Orders Calendar may be designated by the Chair of the Committee on Rules and Administration as Special Orders for immediate consideration.

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. 1996: A bill for an act relating to waste management; making several technical changes to the waste management act; establishing a time period for local decision-making on siting of solid waste facilities; establishing time periods for state and metropolitan council approval of county solid waste management plans; clarifying jurisdiction of county plans; clarifying order of funding priority for grants for solid waste management projects; adjusting procedures for the creation of solid waste management districts; increasing the authority of the districts; authorizing counties to set civil penalties by ordinance for violation of designation ordinances; authorizing additional county fees on in-county disposal of out-of-county solid waste; adding procedures and requirements for cities to meet when they organize solid waste collection; requiring a supplementary incinerator ash report; delaying the date for incinerator ash to be considered special waste; establishing a fee on certain paper stock in newspapers; providing waste management training and certification programs; authorizing counties to charge property owners, lessees, and occupants for solid waste management services; authorizing metropolitan counties to charge reasonable rates for solid waste facilities; restricting the authority of certain local governments to prevent establishment, operation, or expansion of solid waste disposal facilities; providing buffer areas around landfill operations; extending the solid waste ash project report; authorizing sanitary districts to use the greater Minnesota landfill cleanup fee; specifying use of the greater Minnesota landfill fee; providing a landfill compliance and financial assurance study; authorizing Winona county to give political subdivisions the authority to accept responsibility for managing their solid waste; amending provisions for forgiving a grant to Winona county; directing a resource recovery facility study to be conducted; reducing time for metropolitan review of local government solid waste facility siting decisions; repealing the requirement that government agencies use degradable polyethylene bags; changing references; amending Minnesota Statutes 1988, sections 16B.61, subdivision 3a; 115A.03, subdivision 23; 115A.06, subdivisions 2, 5, 5a, 6, 8, 10, 11, 12, and 13; 115A.07, subdivisions 1 and 2; 115A.075; 115A.10; 115A.11, subdivision 1a; 115A.158, subdivision 2; 115A.191, subdivisions 1 and 2; 115A.192, subdivisions 1 and 2; 115A.193; 115A.194, subdivision 2; 115A.411, subdivision 1; 115A.46, subdivision 1, and by adding a subdivision; 115A.49; 115A.53; 115A.54, subdivision 3; 115A.64, subdivisions 2, 4, and 6; 115A.66, subdivision 3; 115A.67; 115A.86, by adding a subdivision; 115A.914; 115A.94, subdivisions 3 and 4; 115A.97, subdivisions 4 and 5; 325E.045, subdivision 1; 400.08, subdivisions 1 and

3; 473.811, subdivision 3, and by adding a subdivision; 473.823, subdivision 5, and by adding a subdivision; 473.833, by adding a subdivision; 473.845, subdivision 4; 473.846; Minnesota Statutes 1989 Supplement, sections 115A.14, subdivision 4; 115A.195; 115A.54, subdivision 2a; 115A.84, subdivision 2; 115A.86, subdivision 5; 115A.919; 115B.04, subdivision 4; 116.41, subdivision 2; 116C.69, subdivision 3; Minnesota Statutes Second 1989 Supplement, sections 115A.072, subdivisions 1 and 4; 115A.55, subdivision 3; 115A.551, subdivisions 4 and 7; 115A.558; 115A.961, subdivisions 2 and 4; Laws 1987, First Special Session chapter 5, section 1; Laws 1988, chapter 685, section 42; Laws 1989, chapter 325, sections 72, subdivision 2; and 79; and chapter 335, article 1, sections 23, subdivision 4, and 269; proposing coding for new law in Minnesota Statutes, chapter 115A; repealing Minnesota Statutes 1988, sections 115A.09, subdivision 5; 115A.90, subdivision 2; 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 115A.922; 115A.923, subdivisions 2 to 5; 115A.924; 115A.925; 115A.927; 115A.928; and Laws 1987, chapter 348, section 51, subdivision 5.

Reports the same back with the recommendation that the report from the Committee on Finance, shown in the Journal for April 5, 1990, be adopted; that committee recommendation being:

“the bill be amended and when so amended the bill do pass”. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. No. 1996 was read the second time.

## MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2060 a Special Order to be heard immediately.

## SPECIAL ORDER

S.F. No. 2060: A bill for an act relating to drivers' licenses; defining gross vehicle weight and commercial motor vehicle; allowing holder of class CC driver's license with school bus endorsement to operate a small school bus; changing effective dates of requirements for commercial driver's license; setting fees; appropriating money; amending Minnesota Statutes 1988, sections 169.01, subdivision 46; 171.01, subdivision 16; and 171.321, subdivision 1; Minnesota Statutes 1989 Supplement, sections 169.01, subdivision 75; 171.01, subdivision 22; 171.02, subdivision 2; and 171.06, subdivision 2; Laws 1989, chapter 307, sections 43 and 44.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	McQuaid	Piper
Anderson	Decker	Knaak	Merriam	Ramstad
Beckman	DeCramer	Knutson	Metzen	Reichgott
Benson	Dicklich	Kroening	Moe, D.M.	Renneke
Berg	Diessner	Laidig	Moe, R.D.	Samuelson
Berglin	Flynn	Langseth	Morse	Spear
Bernhagen	Frank	Lantry	Olson	Storm
Bertram	Frederick	Larson	Pariseau	Stumpf
Brand	Frederickson, D.J.	Lessard	Pehler	Vickerman
Brataas	Frederickson, D.R.	Luther	Peterson, R.W.	Waldorf
Cohen	Hughes	McGowan	Piepho	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2390 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 2390: A bill for an act relating to children; providing improved procedures to protect the safety and welfare of abused and neglected children; improving data practices; requiring the commissioner of health to encourage display of posters informing pregnant women of the dangers of alcohol use; excluding persons with a history of child abuse or criminal sexual behavior from certain protections for criminal offenders; increasing penalties for assault against a child when there is a past pattern of child abuse; increasing the penalties for malicious child punishment resulting in great bodily harm and assaulting a child protection worker; including mental injuries and threatened injuries as abuse to be reported as maltreatment of minors; amending Minnesota Statutes 1988, sections 147.09; 259.40, subdivisions 1 and 4; 260.011, subdivision 2; 260.155, subdivision 1; 609.2231, by adding a subdivision; 626.556, subdivisions 1, 3, 4, and by adding a subdivision; 626.559, subdivision 2; Minnesota Statutes 1989 Supplement, sections 179A.03, subdivision 7; 245A.04, subdivision 3; 260.015, subdivision 2a; 260.161, subdivision 2; 260.171, subdivision 4; 260.221, subdivision 1; 364.09; 609.223; 609.377; 626.556, subdivisions 2, 10e, and 11; and 626.558, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 120; 144; and 245.

Ms. Reichgott moved to amend H.F. No. 2390, as amended pursuant to Rule 49, adopted by the Senate April 6, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2188.)

Page 2, delete lines 20 to 22 and insert:

*"Subd. 4. [STAFFING.] The commission shall utilize existing legislative staff in carrying out its duties."*

The motion prevailed. So the amendment was adopted.

Mr. McGowan moved to amend H.F. No. 2390, as amended pursuant to Rule 49, adopted by the Senate April 6, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2188.)

Page 2, line 13, delete "and"

Page 2, line 16, before the period, insert "; and"

*(6) develop ways to encourage the use of job sharing by employers"*

The motion prevailed. So the amendment was adopted.

Mrs. Pariseau moved to amend H.F. No. 2390, as amended pursuant to Rule 49, adopted by the Senate April 6, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2188.)

Page 9, after line 7, insert:

“Sec. 7. Minnesota Statutes 1988, section 260.015, subdivision 17, is amended to read:

Subd. 17. “Shelter care facility” means a physically unrestricting facility, such as but not limited to, a hospital, a group home or, a licensed facility for foster care, *or the home of a noncustodial parent or other relative of the child*, used for the temporary care of a child pending court action.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2390 was then progressed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1896 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1896: A bill for an act relating to health; providing exemptions from the infectious waste control act; requiring hospitals to accept certain infectious waste; modifying standards for ambulance drivers; requiring adoption of rules setting new standards for recertification of and upgrading to emergency care course certificates; increasing reimbursement for volunteers; authorizing an emergency medical services advisory committee; regulating the provision of special transportation services; requiring studies; encouraging rural medical school applicants; requiring a study of medical assistance reimbursement for physicians; creating a rural hospital planning and transition grant program; creating a rural hospital subsidy fund; allowing counties authority to exceed levy limits; appropriating money; amending Minnesota Statutes 1989 Supplement, sections 116.76, subdivision 9; 116.78, by adding subdivisions; 144.804, subdivisions 1 and 7; 144.809; 144.8091; Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 136A; 144; and 174.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knaak	Merriam	Reichgott
Anderson	DeCramer	Knutson	Metzen	Renneke
Beckman	Dicklich	Kroening	Moe, D.M.	Samuelson
Belanger	Diessner	Laidig	Moe, R.D.	Schmitz
Benson	Flynn	Langseth	Morse	Spear
Berg	Frank	Lantry	Olson	Storm
Berglin	Frederick	Larson	Pariseau	Stumpf
Bernhagen	Frederickson, D.J.	Lessard	Pehler	Vickerman
Bertram	Frederickson, D.R.	Luther	Peterson, R.W.	Waldorf
Brandl	Freeman	Marty	Piepho	
Chmielewski	Hughes	McGowan	Piper	
Cohen	Johnson, D.E.	McQuaid	Purfeerst	
Davis	Johnson, D.J.	Mehrrens	Ramstad	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2081 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 2081: A bill for an act relating to state government; regulating certain employment practices; permitting the transfer of vacation and sick leave for certain gubernatorial appointees; permitting employees on permanent layoff to test into new state positions; authorizing the donation of the value accrued vacation leave to other state employees under certain circumstances; making technical changes in the public employees insurance program; eliminating the authority of the board of medical examiners and the board of dentistry to set the salaries of their executive directors; designating certain positions in the unclassified service; eliminating obsolete language; appropriating money; amending Minnesota Statutes 1988, sections 15A.081, subdivision 7b, and by adding a subdivision; 15A.083, subdivisions 5 and 7; 43A.04, subdivisions 1 and 3, and by adding a subdivision; 43A.10, subdivisions 7 and 8; 43A.12, subdivision 5; 43A.13, subdivisions 2, 3, 4, 5, 6, and 7; 43A.15, subdivision 10; 43A.17, subdivisions 1 and 8; 43.18, subdivisions 4 and 5; 43A.191, subdivisions 2 and 3; 43A.23, subdivision 1; 43A.27, subdivision 4; 43A.316, subdivisions 2, 3, 5, 7, and 8; 43A.37, subdivision 1; 176.421, by adding a subdivision; 176B.02; 237.51, subdivision 5; 473.405, subdivision 12; Minnesota Statutes 1989 Supplement, section 43A.08, subdivision 1; 43A.316, subdivisions 9 and 10; 214.04, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 43A; repealing Minnesota Statutes 1988, section 43A.081, subdivisions 1, 2, and 5.

Mr. DeCramer moved to amend H.F. No. 2081, the unofficial engrossment, as follows:

Page 24, after line 33, insert:

“Sec. 38. Minnesota Statutes 1989 Supplement, section 485.018, subdivision 7, is amended to read:

Subd. 7. [APPEAL FROM RESOLUTION OF THE BOARD.] The court administrator of district court if dissatisfied with the action of the county board in setting the amount of the court administrator's salary or the amount of the budget for the office of court administrator of district court, may appeal to the district court on the grounds that the determination of the county board in setting such salary or budget was arbitrary, capricious, oppressive or without sufficiently taking into account the extent of the

responsibilities and duties of said office; ~~and the court administrator's experience, qualifications, and performance.~~ The appeal shall be taken within 15 days after the date of the resolution setting such salary or budget by serving a notice of appeal on the county auditor and filing same with the court administrator of the district court. The court either in term or vacation and upon ten days notice to the chair of the board shall hear such appeal. On the hearing of the appeal the court shall review the decision or resolution of the board in a hearing de novo and may hear new or additional evidence, or the court may order the officer appealing and the board to submit briefs or other memoranda and may dispose of the appeal on such writings. If the court shall find that the board acted in an arbitrary, capricious, oppressive or unreasonable manner or without sufficiently taking into account the responsibilities and duties of the office of the court administrator, ~~and the court administrator's experience, qualifications, and performance,~~ it shall make such order to take the place of the order appealed from as is justified by the record and shall remand the matter to the county board for further action consistent with the court's findings. After determination of the appeal the county board shall proceed in conformity therewith. This subdivision is not in effect from July 1, 1989, to July 1, 1991, with respect to the amount of the budget of the office of court administrator of district court."

Page 25, lines 9 and 10, reinstate the stricken language

Page 25, line 11, reinstate the stricken language and before the reinstated period, insert "*, except an appeal shall not include the salary of the court administrator*"

Page 28, line 4, delete everything after "5" and insert a period

Page 28, delete line 5

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 44, as follows:

Those who voted in the affirmative were:

Brataas	Davis	Freeman	McQuaid	Reichgott
Chmielewski	DeCramer	Knaak	Metzen	Waldorf
Cohen	Diessner	Knutson	Piepho	
Dahl	Frederick	Lessard	Ramstad	

Those who voted in the negative were:

Adkins	Brandl	Johnson, D.J.	Moe, D.M.	Purfeerst
Anderson	Decker	Kroening	Moe, R. D.	Renneke
Beckman	Dicklich	Laidig	Morse	Samuelson
Belanger	Flynn	Langseth	Olson	Schmitz
Benson	Frank	Lantry	Pariseau	Spear
Berg	Frederickson, D.J.	Larson	Pehler	Storm
Berglin	Frederickson, D.R.	Marty	Peterson, R. W.	Stumpf
Bernhagen	Hughes	Mehrkens	Piper	Vickerman
Bertram	Johnson, D.E.	Merriam	Pogemitter	

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

H.F. No. 2081 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 2, as follows:

Those who voted in the affirmative were:

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

Messrs. Davis and Knutson voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1925 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1925: A bill for an act relating to the environment; changing certain requirements for municipal wastewater treatment grants; increasing bonding authority; amending Minnesota Statutes 1988, sections 116.18, subdivision 3c; 446A.07, subdivision 2; 446A.12, subdivision 1; and Minnesota Statutes 1989 Supplement, section 116.16, subdivisions 2 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 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

The question recurred on H.F. No. 2390.

### SPECIAL ORDER

H.F. No. 2390: A bill for an act relating to children; providing improved procedures to protect the safety and welfare of abused and neglected children; improving data practices; requiring the commissioner of health to encourage display of posters informing pregnant women of the dangers of

alcohol use; excluding persons with a history of child abuse or criminal sexual behavior from certain protections for criminal offenders; increasing penalties for assault against a child when there is a past pattern of child abuse; increasing the penalties for malicious child punishment resulting in great bodily harm and assaulting a child protection worker; including mental injuries and threatened injuries as abuse to be reported as maltreatment of minors; amending Minnesota Statutes 1988, sections 147.09; 259.40, subdivisions 1 and 4; 260.011, subdivision 2; 260.155, subdivision 1; 609.2231, by adding a subdivision; 626.556, subdivisions 1, 3, 4, and by adding a subdivision; 626.559, subdivision 2; Minnesota Statutes 1989 Supplement, sections 179A.03, subdivision 7; 245A.04, subdivision 3; 260.015, subdivision 2a; 260.161, subdivision 2; 260.171, subdivision 4; 260.221, subdivision 1; 364.09; 609.223; 609.377; 626.556, subdivisions 2, 10e, and 11; and 626.558, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 120; 144; and 245.

Mr. Storm moved to amend H.F. No. 2390, as amended pursuant to Rule 49, adopted by the Senate April 6, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2188.)

Page 4, after line 20, insert:

"Sec. 4. Minnesota Statutes 1989 Supplement, section 179A.03, subdivision 7, is amended to read:

Subd. 7. [ESSENTIAL EMPLOYEE.] "Essential employee" means firefighters, peace officers subject to licensure under sections 626.84 to 626.855, guards at correctional facilities, *child protection workers*, *assistant county attorneys*, confidential employees, supervisory employees, principals, and assistant principals. However, for state employees, "essential employee" means all employees in law enforcement, health care professionals, correctional guards, professional engineering, and supervisory collective bargaining units, irrespective of severance, and no other employees. For University of Minnesota employees, "essential employee" means all employees in law enforcement, nursing professional and supervisory units, irrespective of severance, and no other employees. "Firefighters" means salaried employees of a fire department whose duties include, directly or indirectly, controlling, extinguishing, preventing, detecting, or investigating fires."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Spear questioned whether the amendment was germane. The President ruled that the amendment was not germane.

Mr. Lessard moved to amend H.F. No. 2390, as amended pursuant to Rule 49, adopted by the Senate April 6, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2188.)

Page 15, after line 27, insert:

"Sec. 11. Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1989 payable in 1990 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:



(a) for taxes levied in 1990, payable in 1991 and subsequent years, pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this clause for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph (i), are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance programs" include income maintenance programs in section 273.1398, subdivision 1, paragraph (i), to the extent the county provides benefits under those programs over the statutory mandated standards. Effective with taxes levied in 1990, the portion of this special levy for human service programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c, or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(c) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(e) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(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;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated

receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5;

(k) pay the cost of hospital care under section 261.21;

(l) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3;

(m) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 275.51, subdivision 3;

(n) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 275.51, subdivision 3. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(o) pay the operating cost of regional library services authorized under section 134.34, subject to a maximum increase over the previous year of the greater of (1) 103 percent multiplied by one plus the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause (b), or (2) six percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year.

In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

(p) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6;

(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15;

(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereafter, counties levying under this provision must levy under clause (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph;

(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990;

(t) for taxes levied in 1990 only by a county in the eighth judicial district, provide an amount equal to the amount of the levy, if any, that is required under Laws 1989, chapter 335, article 3, section 54, subdivision 8;

(u) for taxes levied in 1989, payable in 1990 only, pay the costs not reimbursed by the state or federal government:

(i) for the costs of purchase or delivery of social services. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties.

(ii) for payments made to or on behalf of recipients of aid under any public assistance program authorized by law. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent and must be used only for the public assistance programs; ~~and~~

(v) pay an amount of up to 25 percent of the money sought for distribution and approved under section 115A.557, subdivision 3, paragraph (b), clause (3); ~~and~~

*(w) for a county, pay the increased costs of providing services required under this act.*

If the amount levied in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991."

Page 28, line 22, after the period, insert "*Section 11 is effective for taxes levied in 1990, payable in 1991, and thereafter.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 39 and nays 18, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Frederickson, D.J.	Langseth	Olson
Anderson	Dahl	Frederickson, D.R.	Lantry	Pariseau
Beckman	Davis	Hughes	Larson	Peterson, R. W.
Belanger	Decker	Johnson, D.E.	Lessard	Piepho
Berg	DeCramer	Knaak	McGowan	Ramstad
Berglin	Flynn	Knutson	McQuaid	Renneke
Bernhagen	Frank	Kroening	Mehrkens	Storm
Bertram	Frederick	Laidig	Moe, D.M.	

Those who voted in the negative were:

Brandl	Johnson, D.J.	Novak	Reichgott	Stumpf
Cohen	Luther	Pehler	Samuelson	Vickerman
Dicklich	Metzen	Piper	Schmitz	
Diessner	Morse	Purfeerst	Spear	

The motion prevailed. So the amendment was adopted.

H.F. No. 2390 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.J.	McQuaid	Pogemiller
Anderson	Decker	Knaak	Mehrkens	Ramstad
Beckman	DeCramer	Knutson	Metzen	Reichgott
Belanger	Dicklich	Kroening	Moe, D.M.	Renneke
Berg	Diessner	Laidig	Morse	Samuelson
Berglin	Flynn	Langseth	Novak	Schmitz
Bernhagen	Frank	Lantry	Olson	Spear
Bertram	Frederick	Larson	Pariseau	Storm
Brandl	Frederickson, D.J.	Lessard	Pehler	Stumpf
Chmielewski	Frederickson, D.R.	Luther	Peterson, R. W.	Vickerman
Cohen	Hughes	Marty	Piepho	
Dahl	Johnson, D.E.	McGowan	Piper	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1894 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1894: A bill for an act relating to environment and natural resources; amending provisions relating to water management organizations; providing legislative commission oversight of the metropolitan water management act; authorizing management and financing of drainage systems under certain laws; clarifying water management purposes; authorizing counties to remove watershed district managers for just cause; authorizing a technical advisory committee; requiring watershed management organizations to prepare newsletters, annual reports, and audits; providing for preparation of watershed plans and implementation of plans; providing penalties for not implementing plans; authorizing and directing the board of water and soil resources to adopt rules; providing for appeal of plan

failures; providing for requests for proposals for certain services; authorizing accumulation of levy proceeds; requiring a draining system report; appropriating money; amending Minnesota Statutes 1988, sections 110B.28; 110B.30; 112.42, by adding a subdivision; 473.875; 473.876, by adding a subdivision; 473.877, subdivision 1; 473.878, subdivisions 1, 1a, 2, 3, 4, 8, and by adding subdivisions; 473.879, subdivision 2; 473.881; 473.882, subdivision 1; and 473.883, subdivisions 3 and 7; Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 112 and 473.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 42 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knaak	McGowan	Reichgott
Anderson	Davis	Knutson	McQuaid	Schmitz
Beckman	DeCramer	Laidig	Morse	Solon
Berg	Diessner	Langseth	Novak	Spear
Bernhagen	Flynn	Lantry	Olson	Storm
Bertram	Frank	Larson	Pariseau	Vickerman
Brandl	Frederickson, D.J.	Lessard	Peterson, R.W.	
Chmielewski	Frederickson, D.R.	Luther	Piepho	
Cohen	Hughes	Marty	Ramstad	

Messrs. Decker and Renneke voted in the negative.

So the bill 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 H.F. No. 2651 at 2:15 p.m.:

Messrs. Benson; Merriam; Moe, R.D.; Waldorf and Freeman. The motion prevailed.

### 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. 2200 at 3:00 p.m.:

Messrs. Brandl, Dicklich, Pehler, Ms. Reichgott and Mr. Peterson, R.W. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Spear moved that S.F. No. 2045, No. 53 on General Orders, be stricken and re-referred to the Committee on Rules and Administration. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1855 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 1855: A bill for an act relating to family law; modifying dissolution statistical report requirements; regulating child custody and visitation in dissolution and other proceedings; modifying standards for joint legal custody; providing for the award of temporary attorney fees; providing standards for visitation and custody rights when a parent has been convicted of certain crimes; providing funding for legal representation in family law matters; amending Minnesota Statutes 1988, sections 144.224; 257.025; 257.541, subdivision 2; 518.003, subdivision 3, and by adding a subdivision; 518.131, subdivisions 1 and 7; 518.14; 518.156; 518.167, subdivision 2; 518.175, by adding a subdivision; 518.551, subdivision 5; and 518.619; Minnesota Statutes 1989 Supplement, sections 518.17, subdivision 2; 518.175, subdivisions 1 and 5; and 518.64, subdivision 2; proposing coding for new law in chapter 518.

Ms. Reichgott moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Page 15, line 34, after "*parties*" insert "*who are represented by an attorney*"

Page 15, line 35, after "*tax*" insert "*or that parties who are not represented by an attorney have been notified that income tax laws regarding the capital gain tax may apply to the sale of the residence. This includes, but is not limited to, the*"

Page 16, line 3, delete "*This section*"

Page 16, delete lines 4 and 5 and insert "*All judgment and decrees involving a principal residence must include a notice to the parties that income tax laws regarding the capital gain tax may apply to the sale of the residence and that the parties may wish to consult with an attorney concerning the applicable laws.*"

Page 18, after line 12, insert:

"Sec. 21. [EFFECTIVE DATE.]

*Section 18 is effective August 1, 1990, and applies to actions commenced on or after that date.*"

The motion prevailed. So the amendment was adopted.

Ms. Reichgott then moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Pages 8 and 9, delete section 10 and insert:

"Sec. 10. Minnesota Statutes 1988, section 518.14, is amended to read:  
518.14 [COSTS AND DISBURSEMENTS AND ATTORNEY FEES.]

~~In a proceeding brought either for dissolution or legal separation under this chapter, the court, from time to time, after considering the financial resources of both parties, may require one party to pay a reasonable amount necessary to enable the other spouse to carry on or to contest the proceeding, and to pay attorney's fees, including sums for legal services rendered and costs incurred prior to the commencement or after entry of judgment. In a proceeding under this chapter, the court shall award temporary or permanent attorney fees in a reasonable amount if necessary to enable a party to carry on or contest the proceeding in good faith. The~~

*award may be made at the commencement of the proceeding, during the pendency of the proceeding, after entry of any order or judgment, or upon appeal. In making the award, the court shall consider amounts reasonably necessary for costs and disbursements including, but not limited to, filing fees, costs of depositions and other discovery, witness fees, transcript costs, experts' costs and fees, appraisals and attorney fees. The court shall consider the financial resources and reasonable needs of both parties and the conduct of the parties with respect to the proceedings in determining whether either party must contribute to the other party's costs and disbursements and attorney fees. The court may adjudge costs and disbursements against either party. The court may authorize the collection of money awarded by execution, or out of property sequestered, or in any other manner within the power of the court. An award of attorney's fees made by the court during the pendency of the proceeding or in the final judgment survives the proceeding and if not paid by the party directed to pay the same may be enforced as above provided or by a separate civil action brought in the attorney's own name. If the proceeding is dismissed or abandoned prior to determination and award of attorney's fees, the court may nevertheless award attorney's fees upon the attorney's motion. The award shall also survive the proceeding and may be enforced in the same manner as last above provided."*

### CALL OF THE SENATE

Mr. Spear imposed a call of the Senate for the balance of the proceedings on H.F. No. 1855. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the second Reichgott amendment.

Mr. Chmielewski moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 31 and nays 30, as follows:

Those who voted in the affirmative were:

Beckman	DeCramer	Kroening	Morse	Spear
Benson	Dicklich	Lantry	Pepler	Vickerman
Berglin	Flynn	Luther	Peterson, R. W.	Waldorf
Brandt	Frank	Marty	Piper	
Brataas	Frederickson, D.J.	McQuaid	Pogemiller	
Cohen	Freeman	Merriam	Ramstad	
Dahl	Hughes	Moe, D.M.	Reichgott	

Those who voted in the negative were:

Adkins	Davis	Knaak	McGowan	Purfeerst
Anderson	Decker	Knutson	Mehrkens	Renneke
Berg	Diessner	Laidig	Metzen	Samuelson
Bernhagen	Frederick	Langseth	Olson	Schmitz
Bertram	Frederickson, D.R.	Larson	Pariseau	Storm
Chmielewski	Johnson, D.E.	Lessard	Piepho	Stumpf

The motion prevailed. So the amendment was adopted.

### RECONSIDERATION

Having voted on the prevailing side, Mr. Vickerman moved that the vote whereby the second Reichgott amendment to H.F. No. 1855 was adopted on April 9, 1990, be now reconsidered. The motion prevailed.

The question was taken on the adoption of the second Reichgott amendment.

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

Those who voted in the affirmative were:

Benson	Dicklich	Kroening	Moe, R.D.	Pogemiller
Berglin	Flynn	Lantry	Morse	Ramstad
Brandl	Frank	Luther	Novak	Reichgott
Brataas	Frederickson, D.J.	Marty	Olson	Spear
Cohen	Freeman	McQuaid	Pehler	Waldorf
Dahl	Hughes	Merriam	Peterson, R.W.	
DeCramer	Johnson, D.J.	Moe, D.M.	Piper	

Those who voted in the negative were:

Adkins	Chmielewski	Knaak	Mehrkens	Schmitz
Anderson	Davis	Knutson	Metzen	Solon
Beckman	Decker	Laidig	Pariseau	Storm
Belanger	Diessner	Langseth	Piepho	Stumpf
Berg	Frederick	Larson	Purfeerst	Vickerman
Bernhagen	Frederickson, D.R.	Lessard	Renneke	
Bertram	Johnson, D.E.	McGowan	Samuelson	

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

Mr. Lessard moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Page 15, after line 29, insert:

“Sec. 18. Minnesota Statutes 1988, section 518.55, is amended by adding a subdivision to read:

*Subd. 4. [LIMITATION ON TOTAL AWARD.] Notwithstanding any contrary provision of section 518.551 or 518.552, unless the parties otherwise agree, total awards of support, maintenance, attorney fees, or any combination of them, whether in the same or different proceedings, may not exceed 50 percent of an obligor's net income as defined in section 518.551, subdivision 5.”*

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 17, after the first semicolon, insert “limiting the percentage of an obligor's income that may be awarded for support, maintenance, and attorney fees;”

Page 1, line 22, after the second semicolon, insert “518.55, by adding a subdivision;”

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

Mr. Lessard then moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Page 15, after line 29, insert:

“Sec. 18. Minnesota Statutes 1988, 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	7 or more
\$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
\$401 - 500	14%	17%	20%	22%	24%	26%	28%
\$501 - 550	15%	18%	21%	24%	26%	28%	30%
\$551 - 600	16%	19%	22%	25%	28%	30%	32%
\$601 - 650	17%	21%	24%	27%	29%	32%	34%
\$651 - 700	18%	22%	25%	28%	31%	34%	36%
\$701 - 750	19%	23%	27%	30%	33%	36%	38%
\$751 - 800	20%	24%	28%	31%	35%	38%	40%
\$801 - 850	21%	25%	29%	33%	36%	40%	42%
\$851 - 900	22%	27%	31%	34%	38%	41%	44%
\$901 - 950	23%	28%	32%	36%	40%	43%	46%
\$951 - 1000	24%	29%	34%	38%	41%	45%	48%
\$1001 - 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of \$4,001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of \$4,000.

Net Income defined as:

Total monthly income less

- \*(i) Federal Income Tax
- \*(ii) State Income Tax
- (iii) Social Security Deductions
- (iv) Reasonable Pension Deductions

\*Standard Deductions apply-use of tax tables recommended

- (v) Union Dues
- (vi) Cost of Dependent Insurance Coverage
- (vii) Cost of Individual or Group Health/Hospitalization Coverage or an Amount for Actual Medical Expenses

(viii) A Child Support or Maintenance Order that is Currently Being Paid.

“Net income” does not include:

- (1) the income of the obligor’s spouse-; or
- (2) *earnings, salary, overtime, bonus, commission, vacation, or profit sharing distributions if they:*
  - (i) *are attributable to services performed in excess of a 40-hour work week; or*

*(ii) are earned by the obligor from employment with an employer other than the employer for which the obligor is considered to be a full-time employee. The obligor shall have the burden of proof to demonstrate that any portion of the obligor’s income is excluded under this clause.*

(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;

(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."

Renumber the sections in sequence and correct the internal references  
Amend the title as follows:

Page 1, line 17, after the first semicolon, insert "excluding certain earnings and payments from the obligor's net income for child support;"

Page 1, line 22, after the second semicolon, insert "518.551, subdivision 5;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 11 and nays 42, as follows:

Those who voted in the affirmative were:

Adkins	Frederickson, D.R.	Lessard	Renneke	Schmitz
Bertram	Knaak	Piepho	Samuelson	Vickerman
Chmielewski				

Those who voted in the negative were:

Anderson	Davis	Johnson, D.E.	McQuaid	Piper
Beckman	Decker	Knutson	Mehrkens	Ramstad
Benson	DeCramer	Laidig	Merriam	Reichgott
Berg	Diessner	Langseth	Metzen	Spear
Berglin	Flynn	Lantry	Moe, D.M.	Storm
Bernhagen	Frank	Larson	Moe, R.D.	Waldorf
Brataas	Frederickson, D.J.	Luther	Morse	
Cohen	Freeman	Marty	Olson	
Dahl	Hughes	McGowan	Pariseau	

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

Mr. Knaak moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Page 10, after line 30, insert:

"Sec. 13. Minnesota Statutes 1989 Supplement, section 518.17, subdivision 1, is amended to read:

Subdivision 1. [THE BEST INTERESTS OF THE CHILD.] (a) "The best interests of the child" means all relevant factors to be considered and evaluated by the court including:

(1) the wishes of the child's parent or parents as to custody;

(2) the reasonable preference of the child, if the court deems the child to be of sufficient age to express preference;

- (3) the child's primary caretaker;
- (4) the intimacy of the relationship between each parent and the child;
- (5) the interaction and interrelationship of the child with a parent or parents, siblings, and any other person who may significantly affect the child's best interests;
- (6) the child's adjustment to home, school, and community;
- (7) the length of time the child has lived in a stable, satisfactory environment and the desirability of maintaining continuity;
- (8) the permanence, as a family unit, of the existing or proposed custodial home;
- (9) the mental and physical health of all individuals involved;
- (10) the capacity and disposition of the parties to give the child love, affection, and guidance, and to continue educating and raising the child in the child's culture and religion or creed, if any;
- (11) the child's cultural background; and
- (12) the effect on the child of the actions of an abuser, if related to domestic abuse, as defined in section 518B.01, that has occurred between the parents.

The court may not use one factor to the exclusion of all others. *The primary caretaker factor may not be used as a presumption in determining the best interests of the child.* The court must make detailed findings on each of the factors and explain how the factors led to its conclusions and to the determination of the best interests of the child.

(b) The court shall not consider conduct of a proposed custodian that does not affect the custodian's relationship to the child."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Berglin moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Page 15, after line 29, insert:

"Sec. 18. Minnesota Statutes 1988, 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 *determine and order child support in a specific dollar amount* in accordance with the guidelines and the other factors set

forth in paragraph (b) and any departure therefrom.

The court shall multiply derive a specific dollar amount by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
\$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
\$401 - 500	14%	17%	20%	22%	24%	26%	28%
\$501 - 550	15%	18%	21%	24%	26%	28%	30%
\$551 - 600	16%	19%	22%	25%	28%	30%	32%
\$601 - 650	17%	21%	24%	27%	29%	32%	34%
\$651 - 700	18%	22%	25%	28%	31%	34%	36%
\$701 - 750	19%	23%	27%	30%	33%	36%	38%
\$751 - 800	20%	24%	28%	31%	35%	38%	40%
\$801 - 850	21%	25%	29%	33%	36%	40%	42%
\$851 - 900	22%	27%	31%	34%	38%	41%	44%
\$901 - 950	23%	28%	32%	36%	40%	43%	46%
\$951 - 1000	24%	29%	34%	38%	41%	45%	48%
\$1001 - 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of \$4,001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of \$4,000.

Net Income defined as:

Total monthly income less

- \*(i) Federal Income Tax
- \*(ii) State Income Tax
- (iii) Social Security Deductions
- (iv) Reasonable Pension Deductions

\*Standard Deductions apply-use of tax tables recommended

- (v) Union Dues
- (vi) Cost of Dependent 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;

(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."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 2, after "child" insert "support,"

Page 1, line 22, after the second semicolon, insert "518.551, subdivision 5;"

The motion prevailed. So the amendment was adopted.

Mr. Knaak moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Page 15, after line 29, insert:

"Sec. 18. Minnesota Statutes 1988, 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 shall 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. Both parents are presumed to be obligors to the extent of their ability. 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	7 or more
\$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
\$401 - 500	14%	17%	20%	22%	24%	26%	28%
\$501 - 550	15%	18%	21%	24%	26%	28%	30%
\$551 - 600	16%	19%	22%	25%	28%	30%	32%
\$601 - 650	17%	21%	24%	27%	29%	32%	34%
\$651 - 700	18%	22%	25%	28%	31%	34%	36%
\$701 - 750	19%	23%	27%	30%	33%	36%	38%
\$751 - 800	20%	24%	28%	31%	35%	38%	40%
\$801 - 850	21%	25%	29%	33%	36%	40%	42%
\$851 - 900	22%	27%	31%	34%	38%	41%	44%
\$901 - 950	23%	28%	32%	36%	40%	43%	46%
\$951 - 1000	24%	29%	34%	38%	41%	45%	48%
\$1001 - 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of \$4,001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of \$4,000.

Net Income defined as:

Total monthly  
income less

- \*(i) Federal Income Tax
- \*(ii) State Income Tax
- (iii) Social Security  
Deductions
- (iv) Reasonable  
Pension Deductions

\*Standard  
Deductions apply-  
use of tax tables  
recommended

- (v) Union Dues
- (vi) Cost of Dependent  
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;

(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."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Knaak then moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Page 18, after line 5, insert:

"Sec. 20. Minnesota Statutes 1989 Supplement, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] The terms of a decree respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party; (3) receipt of assistance under sections 256.72 to 256.87; or (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair. On a motion for modification of maintenance, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court shall take into consideration the needs of the children and shall not consider the financial circumstances of each party's spouse, if any. *On a motion for modification of support, the court shall take into consideration the needs of any child of the support obligor born or adopted after entry of the decree of dissolution of the parties' marriage.* A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party. Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under

section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

Mr. Spear moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 21 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knaak	Mehrkens	Vickerman
Benson	Diessner	Laidig	Piepho	
Bernhagen	Frederick	Larson	Ramstad	
Bertram	Frederickson, D.R.	Lessard	Renneke	
Dahl	Johnson, D.E.	McGowan	Samuelson	

Those who voted in the negative were:

Adkins	Davis	Kroening	Metzen	Reichgott
Beckman	DeCramer	Langseth	Moe, D.M.	Solon
Berg	Flynn	Lantry	Moe, R.D.	Spear
Berglin	Frank	Luther	Morse	Storm
Brandl	Frederickson, D.J.	Marty	Olson	
Brataas	Hughes	McQuaid	Pariseau	
Chmielewski	Knutson	Merriam	Piper	

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

H.F. No. 1855 was then progressed.

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 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. 2018: A bill for an act relating to lawful gambling; defining lawful purposes for expenditures of gambling profits; establishing licensing qualifications for organizations and manufacturers; requiring organizations to report monthly on expenditures and contributions of gambling profits; authorizing the gambling control board to require recipients of contributions of gambling profits to register with the board; authorizing summary suspension of gambling licenses for failure to file tax returns; authorizing a limited number of video pull-tab devices and establishing standards and requirements for them; requiring inspection and testing of gambling equipment; requiring permits for gambling premises; requiring gambling managers to be licensed; requiring that employees of organizations conducting

lawful gambling be registered with the board; requiring local gambling taxes and prescribing uses for revenue therefrom; appropriating money; amending Minnesota Statutes 1988, sections 349.12, subdivisions 10, 18, and by adding subdivisions; 349.16, as amended; 349.17, as amended; 349.18, as amended; 349.19, as amended; 349.211, by adding a subdivision; 349.212, subdivision 5; 349.2121, subdivisions 1 and 4a; 349.2123; 349.2125, subdivision 4; 349.2127, subdivisions 1, 3, and by adding subdivisions; 349.30, subdivision 2; 349.31; 349.32; 349.34; 349.35, subdivision 1; 349.36; 349.38; 349.39; 349.50, subdivision 8; 349.52, by adding a subdivision; 349.59, subdivision 1; 349.55; 609.75, subdivision 4; Minnesota Statutes 1989 Supplement, sections 299L.03, by adding a subdivision; 349.12, subdivisions 12 and 15; 349.151, subdivision 4, and by adding a subdivision; 349.152, subdivision 2, and by adding subdivisions; 349.161, as amended; 349.162; 349.163, as amended; 349.164; 349.2121, subdivision 2; 349.2122; 349.213; Minnesota Statutes Second 1989 Supplement, sections 349.12, subdivisions 11 and 19; 349.15; 349.212, subdivisions 1, 2, and 4; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and 5; 349.22, subdivision 1; 349.501, subdivision 1; 349.502, subdivision 1; 609.76, subdivision 1; Laws 1989, First Special Session chapter 1, article 13, section 27; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 1988, sections 349.14; 349.214, subdivisions 1, 1a, 3, and 4; Minnesota Statutes 1989 Supplement, sections 349.151, subdivision 4a; 349.20; 349.21; 349.22, subdivision 3; Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2.

There has been appointed as such committee on the part of the House:

Quinn, Long, Kostohryz, Himle and Janezich.

Senate File No. 2018 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 9, 1990

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. 488: A bill for an act relating to public employment; defining equitable compensation relationships; requiring an implementation report; providing for review of plans; providing for appeals from decisions of the commissioner of employee relations; requiring the commissioner to report to the legislature; amending Minnesota Statutes 1988, sections 471.991, subdivision 5; 471.992, subdivisions 1, 2, and by adding a subdivision; 471.994; 471.998, by adding a subdivision; 471.9981, subdivision 6, and by adding subdivisions; and 471.999; Minnesota Statutes 1989 Supplement, section 485.018, subdivision 7; repealing Minnesota Statutes 1988, sections 471.992, subdivision 3; 471.995; 471.996; 471.9975; and 471.9981, subdivisions 2 to 5.

Senate File No. 488 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 9, 1990

Ms. Berglin moved that the Senate do not concur in the amendments by the House to S.F. No. 488, 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. 1150: A bill for an act relating to creditors remedies; regulating executions and garnishments; amending Minnesota Statutes 1988, section 550.142; proposing coding for new law in Minnesota Statutes, chapters 550 and 557; proposing coding for new law as Minnesota Statutes, chapter 551; repealing Minnesota Statutes 1988, sections 550.041; 550.05; 550.14; 550.141; 571.41; 571.42; 571.43; 571.44; 571.45; 571.46; 571.471; 571.495; 571.50; 571.51; 571.52; 571.53; 571.54; 571.55; 571.56; 571.57; 571.58; 571.59; 571.60; 571.61; 571.62; 571.63; 571.64; 571.65; 571.66; 571.67; 571.68; and 571.69.

Senate File No. 1150 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 9, 1990

Mr. Luther moved that the Senate do not concur in the amendments by the House to S.F. No. 1150, 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. 2666:

H.F. No. 2666: A bill for an act relating to elections; limiting campaign expenditures by congressional candidates who choose to receive a public subsidy for their campaigns; limiting certain contribution receipts by congressional candidates; clarifying and modifying certain exceptions to multicandidate political party expenditure limitations; modifying lobbyist reporting requirements; expanding certain reports by certain political committees and political funds; discontinuing the state ethical practices board's responsibility for developing and furnishing certain forms; providing an income tax credit for contributions to state candidates and political parties; limiting contributions and solicitations during a regular legislative session; providing a public subsidy for legislative candidates in special elections; requiring candidates to match funds received from the state elections campaign fund; requiring deer licenses to include an application for absentee ballots; requiring county auditors to provide a sample ballot for classroom use; specifying a time period for preparing a candidate's affidavit; providing

penalties; amending Minnesota Statutes 1988, sections 10A.01, subdivisions 7 and 10b; 10A.02, subdivision 1; 10A.04, subdivisions 2, 4, and 4a; 10A.05; 10A.20, subdivision 3; 10A.24; 10A.25, subdivision 10, and by adding a subdivision; 10A.255, by adding a subdivision; 10A.27, subdivisions 1 and 4; 10A.275; 10A.28, subdivision 1; 10A.30, subdivision 2; 10A.33; 97A.485, by adding a subdivision; 204B.09, subdivision 1; 204D.03, subdivision 1; 290.06, by adding a subdivision; and 383B.055, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 10A; and 204D; repealing Minnesota Statutes 1988, sections 10A.27, subdivision 5; 10A.32, subdivisions 1, 2, 3, and 4; and 211B.11, subdivision 2; Minnesota Statutes 1989 Supplement, section 10A.32, subdivision 3a.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Scheid, Vanasek, Solberg, Osthoff and Bishop have been appointed as such committee on the part of the House.

House File No. 2666 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 9, 1990

Mr. Luther moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2666, 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. Benson raised a point of order pursuant to Joint Rule 2.03 on adoption of Committee Reports. The President ruled that the point of order was not well taken.

## 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. 2004: A bill for an act relating to courts; delaying the effective date of the law requiring counties to pay filing fees in district court actions; exempting certain public authorities from paying filing fees in district court actions in certain circumstances; amending Minnesota Statutes Second 1989 Supplement, section 357.021, subdivision 1a; Laws 1989, chapter 335, article 3, section 58, as amended.

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

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

H.F. No. 2134: A bill for an act relating to elections; changing the vote margin for an automatic recount at the state primary or general election; amending Minnesota Statutes 1988, section 204C.35, subdivision 1.

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. 1750: A bill for an act relating to agriculture; making legislative findings; extending the farmer-lender mediation act; appropriating money; amending Minnesota Statutes 1988, section 583.21; Laws 1986, chapter 398, article 1, section 18, as amended.

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

Page 2, line 9, delete "*is appropriated*" and insert "*appropriated by Laws 1989, chapter 350, article 20, section 30,*"

Page 2, line 10, delete "1991" and insert "1990"

Page 2, line 11, before the period, insert "*does not cancel June 30, 1990, and is available until June 30, 1991*"

Page 2, after line 11, insert:

"Sec. 4. [EFFECTIVE DATE.]

*This act is effective July 1, 1990.*"

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. 2246: A bill for an act relating to public employment; expanding coverage of the public employees insurance plan; establishing classes of premiums; amending Minnesota Statutes 1988, section 43A.316, subdivision 8.

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

Page 1, line 21, before "*disability*" insert "*public pension*"

Page 2, line 12, after "*participants*" insert "*under this paragraph*"

Page 2, line 13, after "*participants*" insert "*under this paragraph*" and delete "*eligible*" and insert "*receiving*"

Page 2, line 14, delete "*for*"

Page 2, line 22, strike "*employer*" and insert "*commissioner*"

Page 3, line 2, strike everything after "*the*" and insert "*commissioner*"

Page 3, after line 6, insert:

*"(f) A participant who discontinues coverage may not re-enroll."*

Page 3, after line 9, insert:

"Sec. 2. [356.87] [HEALTH INSURANCE WITHHOLDING.]

*The director of a public pension fund listed in section 356.20, subdivision 2, shall, upon authorization of a person entitled to receive benefits, withhold premium amounts from the pension benefits and pay the amounts to the public employees insurance plan.*

Sec. 3. [NEWLY ELIGIBLE EMPLOYEES; NOTICE.]

*A former employee who first becomes eligible to participate in the public employees insurance plan as a result of section 1 must notify the commissioner within 60 days of the effective date of section 1 of intent to participate in the plan. The commissioner, in cooperation with appropriate public pension plans, shall, at least 30 days before the effective date of section 1, notify all persons who become eligible to participate in the plan as a result of section 1 of their option to participate."*

Page 3, delete line 11 and insert:

*"Sections 1 and 2 are effective January 1, 1992."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 356"

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. 2160: A bill for an act relating to education; providing for the environmental education act; creating the office of environmental education; proposing coding for new law as Minnesota Statutes, chapter 126A; repealing Minnesota Statutes 1988, sections 116E.01; 116E.02; 116E.03, subdivisions 2, 3, 4, 5, 6, 7, 7a, 8, and 9; and 116E.04; Minnesota Statutes 1989 Supplement, sections 116E.03, subdivision 1; and 116E.035.

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

Page 1, line 14, delete "*Minnesota*" and insert "*this state*"

Page 2, delete line 4 and insert:

*"Subdivision 1. [DIRECTOR.] The director of environmental education is appointed by the commissioner of the state"*

Page 2, line 5, delete "*office shall*" and insert "*director may*"

Page 2, line 9, delete "*shall*" and insert "*may*"

Page 2, line 13, delete "*b*" and insert "*Subd. 2. [BOARD MEMBERS.]*"

Page 2, lines 13, 32, 34, and 36, delete "*office*" and insert "*director*"

Page 3, lines 2 and 9, delete "*office of environmental*" and insert "*director*"

Page 3, lines 3 and 10, delete "*education shall*" and insert "*may*"

Page 3, line 5, delete "*office shall*" and insert "*director may*"

Page 3, lines 12 and 17, delete "*office*" and insert "*director*"

Page 3, line 18, delete "*of environmental education shall*" and insert "*may*"

Page 3, line 23, delete "*office of*" and insert "*director*"

Page 3, line 24, delete "*environmental education*"

Page 3, line 28, delete “*office of environmental education*” and insert “*director*”

Page 3, delete lines 31 to 36

Page 4, delete lines 1 to 3

Page 4, line 6, delete “*office shall*” and insert “*director may*”

Page 4, lines 10, 15, 26, 32, and 34, delete “*office*” and insert “*director*”

Page 4, delete line 21 and insert:

“*Subdivision 1. [ESTABLISHMENT.] The director may establish*”

Page 4, line 29, delete “(b)” and insert “*Subd. 2. [DUTIES.]*”

Page 4, lines 30 and 31, delete “*of environmental education*”

Page 5, lines 18 and 19, delete “*office of environmental education*” and insert “*director*”

Page 5, line 25, delete “*office*” and insert “*director*”

Page 7, line 5, delete “*office of environmental education*” and insert “*director*”

Page 7, delete lines 32 to 36 and insert:

“(b) *The director of environmental education is a continuation of the Minnesota environmental education board with respect to the responsibilities in Minnesota Statutes, chapter 116E, that have been continued and given to the office of environmental education by this act. This continuation must be treated as a transfer of responsibilities under Minnesota Statutes, section 15.039.*”

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

## SECOND READING OF SENATE BILLS

S.F. Nos. 2004, 1750, 2246 and 2160 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. No. 2134 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. 1150: Messrs. Luther, Spear and Knaak.

H.F. No. 2666: Messrs. Luther, Dahl, Cohen, Marty and Pogemiller.

S.F. No. 488: Ms. Berglin, Messrs. Freeman and Marty.



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

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

Mr. Chmielewski moved that the name of Mr. Spear be added as a co-author to S.F. No. 2138. The motion prevailed.

Mr. Chmielewski moved that the name of Mrs. Adkins be added as a co-author to S.F. No. 2490. The motion prevailed.

Mrs. Pariseau moved that S.F. No. 1907, No. 5 on Special Orders, be stricken and returned to its author. The motion prevailed.

### **MEMBERS EXCUSED**

Mr. Gustafson was excused from the Session of today. Mr. Cohen was excused from the Session of today at 5:25 p.m. Messrs. Chmielewski, Purfeerst and Samuelson were excused from the Session of today from 11:00 a.m. to 1:00 p.m. Ms. Reichgott was excused from the Session of today from 11:00 a.m. to 12:00 noon. Mr. Spear was excused from the Session of today from 11:00 a.m. to 12:30 p.m. Mr. Dahl was excused from the Session of today from 11:00 a.m. to 1:45 p.m. Mr. Novak was excused from the Session of today from 11:20 a.m. to 2:00 p.m. Mr. Lessard was excused from the Session of today from 1:15 to 1:30 p.m.

### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Wednesday, April 11, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## EIGHTY-EIGHTH DAY

St. Paul, Minnesota, Wednesday, April 11, 1990

The Senate met at 10:00 a.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. Albert F. Byrne.

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

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

The President declared a quorum present.

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

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 6, 1990

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. 60, 2355 and 2541.

Sincerely,  
Rudy Perpich, Governor

April 6, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
	1989	392	1448 hours April 5	April 6
	2242	394	1450 hours April 5	April 6
	2002	397	1451 hours April 5	April 6
2370		398	1545 hours April 5	April 6
	2637	399	1549 hours April 5	April 6
	1983	403	1030 hours April 6	April 6
	1984	404	1034 hours April 6	April 6
	1919	405	1029 hours April 6	April 6
	1883	406	2120 hours April 5	April 6
	2305	407	1102 hours April 6	April 6
	2321	408	1103 hours April 6	April 6
	1921	409	2117 hours April 5	April 6
	1841	411	1105 hours April 6	April 6
	1673	412	1111 hours April 6	April 6
	1977	413	1129 hours April 6	April 6
	1985	415	1134 hours April 6	April 6
	2124	416	2122 hours April 5	April 6
2541		420	1143 hours April 6	April 6
	2462	422	1145 hours April 6	April 6

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 9, 1990

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. 2373.

Sincerely,  
Rudy Perpich, Governor

April 9, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
60		391	1852 hours April 6	April 9
	2393	414	1013 hours April 9	April 9
	2374	417	1847 hours April 6	April 9
	1839	418	1021 hours April 9	April 9
2355		419	1850 hours April 6	April 9
	2042	421	1017 hours April 9	April 9

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 10, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
2373		438	1600 hours April 9	April 9

Sincerely,  
Joan Anderson Growe  
Secretary of State

### 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. 2200 at 10:00 a.m.:

Messrs. Brandl, Dicklich, Pehler, Ms. Reichgott and Mr. Peterson, R. W. 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. 2478 at 10:00 a.m.:

Messrs. Pogemiller, Novak, Stumpf, Belanger and Johnson, D.J. The motion prevailed.

### 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. 1920, 1696, 1995, 2061, 2068, 1365 and 2431.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 9, 1990

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. 1739: A bill for an act relating to metropolitan government; clarifying provisions for compensation; amending Minnesota Statutes 1988, sections 473.123, subdivision 5; and 473.141, subdivision 7; Minnesota Statutes 1989 Supplement, sections 473.605, subdivision 2; and 473.704, subdivision 6.

Senate File No. 1739 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 9, 1990

### CONCURRENCE AND REPASSAGE

Mr. Cohen moved that the Senate concur in the amendments by the House to S.F. No. 1739 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1739 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	Merriam	Ramstad
Anderson	Decker	Knutson	Metzen	Renneke
Beckman	DeCramer	Kroening	Moe, D.M.	Schmitz
Belanger	Diessner	Langseth	Moe, R.D.	Solon
Benson	Flynn	Lantry	Morse	Storm
Berg	Frank	Larson	Novak	Stumpf
Berglin	Frederick	Lessard	Olson	Vickerman
Bernhagen	Frederickson, D.J.	Luther	Pariseau	Waldorf
Bertram	Frederickson, D.R.	Marty	Piepho	
Brataas	Freeman	McGowan	Piper	
Chmielewski	Hughes	McQuaid	Pogemiller	
Cohen	Johnson, D.E.	Mehrrens	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. 1874: A bill for an act relating to meetings of public bodies; government data practices; defining final disposition of a disciplinary action regarding personnel records; making clear that meetings may not be closed on the basis of data classification statutes; providing an exception to the open meeting law for preliminary discussions concerning allegations of misconduct against government employees or evaluations of government employees; amending Minnesota Statutes 1988, sections 13.43, subdivision 2; and 471.705, by adding subdivisions.

Senate File No. 1874 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 9, 1990

### CONCURRENCE AND REPASSAGE

Mr. Cohen moved that the Senate concur in the amendments by the House to S.F. No. 1874 and that the bill be placed on its repassage as amended.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 6 and nays 49, as follows:

Those who voted in the affirmative were:

Brataas	Knaak	Samuelson	Schmitz	Stumpf
Cohen				

Those who voted in the negative were:

Adkins	Dahl	Freeman	McQuaid	Piper
Anderson	Davis	Hughes	Mehrkens	Pogemiller
Beckman	Decker	Johnson, D.E.	Merriam	Purfeerst
Belanger	DeCramer	Knutson	Metzen	Ramstad
Benson	Diessner	Kroening	Moe, D.M.	Renneke
Berg	Flynn	Lantry	Morse	Solon
Berglin	Frank	Larson	Novak	Storm
Bernhagen	Frederick	Luther	Olson	Vickerman
Bertram	Frederickson, D.J.	Marty	Pariseau	Waldorf
Chmielewski	Frederickson, D.R.	McGowan	Piepho	

The motion did not prevail.

Mr. Cohen moved that S.F. No. 1874 be laid on the table. 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. 2213: A bill for an act relating to traffic regulations; regulating wheel flaps and covered loads; imposing a penalty; amending Minnesota Statutes 1988, sections 169.733; and 169.81, subdivision 5, and by adding a subdivision.

Senate File No. 2213 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 9, 1990

Mr. DeCramer moved that the Senate do not concur in the amendments by the House to S.F. No. 2213, 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. 2317: A bill for an act relating to utilities; providing for the assessment of expenses for adjudicating service area disputes to municipal electric utilities; providing for civil penalties for violations of chapter 237; reestablishing the position of program administrator of the telecommunications access for communication-impaired persons board; extending the electric utility service area task force until 1992; requiring a study; appropriating money; amending Minnesota Statutes 1988, sections 216B.62, subdivision 5; and 237.51, subdivision 5; proposing coding for new law in

Minnesota Statutes, chapter 237.

Senate File No. 2317 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 9, 1990

Mr. Marty moved that S.F. No. 2317 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. 2108: A bill for an act relating to liquor; regulating the sale of liqueur-filled candy; authorizing municipalities to issue on-sale wine licenses to bed and breakfast facilities; authorizing removal of partially consumed wine bottles from licensed premises; authorizing additional licenses in the cities of Minneapolis, Brooklyn Center, and Duluth; authorizing the issuance of wine and nonintoxicating malt liquor licenses by the city of St. Paul to its parks and recreation division; authorizing the county board of Anoka county to delegate liquor licensing authority to town boards within the county; authorizing the county board of Itasca county to issue an off-sale or combination license within three miles of an incorporated area; providing for the reporting of wine licenses to the commissioner of public safety; eliminating the requirement for a vote on municipal liquor store continuance upon population change; amending Minnesota Statutes 1988, sections 31.121; 340A.101, subdivision 10; 340A.404, subdivisions 3, 5, and by adding a subdivision; 340A.504, subdivision 1; 340A.601, subdivision 2; Minnesota Statutes 1989 Supplement, sections 340A.404, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 340A.

Senate File No. 2108 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 9, 1990

Mr. Solon moved that the Senate do not concur in the amendments by the House to S.F. No. 2108, 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 House File No. 1952, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1952 is herewith transmitted to the Senate.



Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 9, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1952

A bill for an act relating to crimes; permitting individuals to request that the commissioner of public safety hold certain information on the individual as private; increasing penalties for certain acts of harassment; expanding the crime of terroristic threats to include threats made through an intermediary; authorizing courts to issue orders to restrain acts of harassment; amending Minnesota Statutes 1988, sections 171.12, by adding a subdivision; and 609.713, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 168 and 609.

April 3, 1990

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. 1952, 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. 1952 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [168.346] [PRIVACY OF RESIDENCE ADDRESS.]

*The registered owner of a motor vehicle may request in writing that the owner's residence address be classified as private data on individuals, as defined in section 13.02, subdivision 12. The commissioner shall grant the classification upon receipt of a signed statement by the owner that the classification is required for the safety of the owner or the owner's family, if the statement also provides a valid, existing address where the owner consents to receive service of process. The commissioner shall use the mailing address in place of the residence address in all documents and notices pertaining to the motor vehicle. The residence address and any information provided in the classification request, other than the mailing address, are private data on individuals and may be provided to requesting law enforcement agencies.*

Sec. 2. Minnesota Statutes 1988, section 171.12, is amended by adding a subdivision to read:

*Subd. 7. [PRIVACY OF RESIDENCE ADDRESS.] An applicant for a driver's license or a Minnesota identification card may request that the applicant's residence address be classified as private data on individuals, as defined in section 13.02, subdivision 12. The commissioner shall grant the classification upon receipt of a signed statement by the individual that the classification is required for the safety of the applicant or the applicant's family, if the statement also provides a valid, existing address where the*

*applicant consents to receive service of process. The commissioner shall use the mailing address in place of the residence address in all documents and notices pertaining to the driver's license or identification card. The residence address and any information provided in the classification request, other than the mailing address, are private data on individuals and may be provided to requesting law enforcement agencies.*

Sec. 3. Minnesota Statutes 1988, section 609.713, subdivision 1, is amended to read:

Subdivision 1. Whoever threatens, *directly or indirectly*, to commit any crime of violence with purpose to terrorize another or to cause evacuation of a building, place of assembly or facility of public transportation or otherwise to cause serious public inconvenience, or in a reckless disregard of the risk of causing such terror or inconvenience may be sentenced to imprisonment for not more than five years.

Sec. 4. [609.747] [HARASSMENT; ENHANCED PENALTIES.]

*Subdivision 1. [MULTIPLE ACTS OF HARASSMENT.] It is a gross misdemeanor for a person to commit more than one act of harassment in violation of section 609.605, subdivision 1, paragraph (b), clause (7), against the same individual within six consecutive months. As used in this subdivision, "individual" means a natural person.*

*Subd. 2. [HARASSMENT FOLLOWING ASSAULT OR TERRORISTIC THREAT.] (a) It is a gross misdemeanor for a person who has been convicted of assault or terroristic threat to commit harassment:*

*(1) against the same victim, within five consecutive years after the conviction; or*

*(2) against any victim, within two consecutive years after the conviction.*

*(b) In this subdivision:*

*(1) "assault" means a violation of section 609.221, 609.222, 609.223, 609.2231, or 609.224;*

*(2) "harassment" means a violation of section 609.605, subdivision 1, paragraph (b), clause (7); 609.746, subdivision 2; 609.79, subdivision 1, clause (1)(b); or 609.795, subdivision 1, clause (3); and*

*(3) "terroristic threat" means a violation of section 609.713, subdivision 1 or 3.*

Sec. 5. [609.748] [HARASSMENT; RESTRAINING ORDER.]

*Subdivision 1. [DEFINITION.] As used in this section, "harassment" means repeated, intrusive, or unwanted acts, words, or gestures that are intended to adversely affect the safety, security, or privacy of another, regardless of the relationship between the actor and the intended target.*

*Subd. 2. [RESTRAINING ORDER; JURISDICTION.] A person who is a victim of harassment may seek a restraining order from the district court in the manner provided in this section. The parent or guardian of a minor who is a victim of harassment may seek a restraining order from the juvenile court on behalf of the minor.*

*Subd. 3. [CONTENTS OF PETITION.] A petition for relief must allege facts sufficient to show the following:*

*(1) the name of the alleged harassment victim;*

- (2) *the name of the respondent; and*
- (3) *that the respondent has engaged in harassment.*

*The petition shall be accompanied by an affidavit made under oath stating the specific facts and circumstances from which relief is sought. The court shall provide simplified forms and clerical assistance to help with the writing and filing of a petition under this section.*

*Subd. 4. [TEMPORARY RESTRAINING ORDER.] (a) The court may issue a temporary restraining order ordering the respondent to cease or avoid the harassment of another person or to have no contact with that person if the petitioner files a petition in compliance with subdivision 3 and if the court finds reasonable grounds to believe that the respondent has engaged in harassment.*

*(b) Notice need not be given to the respondent before the court issues a temporary restraining order under this subdivision. A temporary restraining order may be entered only against the respondent named in the petition.*

*(c) The temporary restraining order is in effect until a hearing is held on the issuance of a restraining order under subdivision 5. The court shall hold the hearing on the issuance of a restraining order within seven days after the temporary restraining order is issued unless (1) the time period is extended upon written consent of the parties; or (2) the time period is extended by the court for one additional seven-day period upon a showing that the respondent has not been served with a copy of the temporary restraining order despite the exercise of due diligence.*

*Subd. 5. [RESTRAINING ORDER.] (a) The court may grant a restraining order ordering the respondent to cease or avoid the harassment of another person or to have no contact with that person if all of the following occur:*

- (1) the petitioner has filed a petition under subdivision 3;*
- (2) the sheriff has served respondent with a copy of the temporary restraining order obtained under subdivision 4, and with notice of the time and place of the hearing, or service has been made by publication under paragraph (b); and*
- (3) the court finds at the hearing that there are reasonable grounds to believe that the respondent has engaged in harassment.*

*A restraining order may be issued only against the respondent named in the petition. Relief granted by the restraining order must be for a fixed period of not more than two years.*

*(b) The order may be served on the respondent by means of a one-week published notice under section 645.11, if:*

- (1) the petitioner files an affidavit with the court stating that an attempt at personal service made by a sheriff was unsuccessful because the respondent is avoiding service by concealment or otherwise; and*
- (2) a copy of the order is mailed to the respondent at the respondent's residence or the respondent is not known to the petitioner.*

*Service under this paragraph is complete seven days after publication.*

*Subd. 6. [VIOLATION OF RESTRAINING ORDER.] (a) When a temporary restraining order or a restraining order is granted under this section and the respondent knows of the order, violation of the order is a misdemeanor.*

*(b) A peace officer shall arrest without a warrant and take into custody a person whom the peace officer has probable cause to believe has violated an order issued under subdivision 4 or 5 if the existence of the order can be verified by the officer.*

*Subd. 7. [COPY TO LAW ENFORCEMENT AGENCY.] An order granted under this section shall be forwarded by the court administrator within 24 hours to the local law enforcement agency with jurisdiction over the residence of the applicant. Each appropriate law enforcement agency shall make available to other law enforcement officers through a system for verification, information as to the existence and status of any order issued under this section.*

*Subd. 8. [NOTICE.] An order granted under this section must contain a conspicuous notice to the respondent:*

- (1) of the specific conduct that will constitute a violation of the order;*
- (2) that violation of an order is a misdemeanor punishable by imprisonment for up to 90 days or a fine of up to \$700 or both; and*
- (3) that a peace officer must arrest without warrant and take into custody a person if the peace officer has probable cause to believe the person has violated a restraining order.*

**Sec. 6. [EFFECTIVE DATE.]**

*Sections 3 to 5 are effective August 1, 1990, and apply to acts committed on or after that date."*

Delete the title and insert:

*"A bill for an act relating to crimes; permitting individuals to request that the commissioner of public safety hold certain information on the individual as private; increasing penalties for certain acts of harassment; clarifying that terroristic threats include those made indirectly; authorizing courts to issue orders to restrain acts of harassment; amending Minnesota Statutes 1988, sections 171.12, by adding a subdivision; and 609.713, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 168 and 609."*

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Randy C. Kelly, Arthur W. Seaberg, Sandy Pappas

Senate Conferees: (Signed) John J. Marty, Allan H. Spear, William V. Belanger, Jr.

Mr. Marty moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1952 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. 1952 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	Dahl	Johnson, D.E.	Mehrkens	Purfeerst
Anderson	Davis	Knaak	Merriam	Ramstad
Beckman	Decker	Knutson	Metzen	Renneke
Belanger	DeCramer	Kroening	Moe, D.M.	Samuelson
Benson	Diessner	Langseth	Moe, R.D.	Solon
Berg	Flynn	Lantry	Morse	Storm
Berglin	Frank	Larson	Novak	Stumpf
Bernhagen	Frederick	Lessard	Olson	Vickerman
Bertram	Frederickson, D.J.	Luther	Pariseau	Waldorf
Brataas	Frederickson, D.R.	Marty	Piepho	
Chmielewski	Freeman	McGowan	Piper	
Cohen	Hughes	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. 1857, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1857 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 9, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1857

A bill for an act relating to transportation; providing greater restrictions on eligibility of debarred persons for certain public contracts; increasing scope of interstate motor carrier registration agreements; amending Minnesota Statutes 1988, section 161.315, subdivisions 2 and 3; Minnesota Statutes 1989 Supplement, section 221.601, subdivision 1.

April 4, 1990

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. 1857, 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. 1857 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 161.315, subdivision 2, is amended to read:

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

(a) “Affiliate” means a predecessor or successor of a person ~~under the same or substantially the same control~~ *by merger, reorganization, or otherwise, who is, or that has as an officer or director an individual who is, a relative of the person or an individual over whose actions the person exercises substantial influence or control*, or a group of entities so connected or associated that one entity controls or has the power to control each of the other entities. “Affiliate” includes the affiliate’s principals. One person’s ownership of a controlling interest in another entity or a pooling of equipment or income among entities is prima facie evidence that one entity is an affiliate of another.

(b) “Contract crime” means a violation of state or federal antitrust law, fraud, theft, embezzlement, bribery, forgery, misrepresentation, making false statements, falsification or destruction of records, or other criminal offense in connection with obtaining, attempting to obtain, or performing a public or private contract or subcontract.

(c) “Conviction” has the meaning given it in section 609.02, subdivision 5.

(d) “Debar” means to disqualify from receiving a contract or from serving as a subcontractor or material supplier as provided by Laws 1984, chapter 654, article 2, section 8.

(e) “Person” means a natural person or a business, corporation, association, partnership, sole proprietorship, or other entity formed to do business as a contractor, subcontractor, or material supplier and includes an affiliate of a person.

(f) “Pooling” means a combination of persons engaged in the same business or combined for the purpose of engaging in a particular business or commercial venture and who all contribute to a common fund or place their holdings of a given stock or other security in the hand and control of a managing member or committee of the combination.

(g) “Suspend” means to temporarily disqualify from receiving a contract or from serving as a subcontractor or material supplier as provided by Laws 1984, chapter 654, article 2, section 8.

(h) *“Relative” means an individual related by consanguinity within the second degree as determined by the common law, a spouse, or an individual related to a spouse within the second degree as determined by the common law, and includes an individual in an adoptive relationship within the second degree as determined by the common law.*

Sec. 2. Minnesota Statutes 1988, section 161.315, subdivision 3, is amended to read:

Subd. 3. [PROHIBITIONS.] Except as provided in subdivision 4:

(1) neither the commissioner nor a county, town, or home rule or statutory city may award or approve the award of a contract for goods or services to a person who is suspended or debarred;

(2) neither the commissioner nor a county, town, or home rule or statutory

city may award or approve the award of a contract for goods or services under which a debarred or suspended person will serve as a subcontractor or material supplier; ~~and~~

(3) a person to whom a contract for goods or services has been awarded may not subcontract with or purchase materials or services from a debarred or suspended person for performance of that contract; *and*

*(4) when a debarred person sells or otherwise transfers to a relative or to any other party over whose actions the debarred person exercises substantial influence or control, a business, corporation, association, partnership, sole proprietorship, or other entity, or an affiliate of the entity, that is ineligible by virtue of the debarment to contract with a governmental entity, the sold or transferred entity remains ineligible for these contracts for the duration of the seller's or transferor's debarment.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 221.022, is amended to read:

221.022 [~~METROPOLITAN TRANSIT COMMISSION; EXCEPTION.~~]

The powers granted to the board under sections 221.011 to 221.296 do not include the power to regulate any service or vehicles operated by the metropolitan transit commission or to regulate passenger transportation service provided under contract to the department *or the regional transit board*. A provider of passenger transportation service under contract to the department *or the regional transit board* may not provide charter service without first having obtained a permit to operate as a charter carrier.

Sec. 4. Minnesota Statutes 1989 Supplement, section 221.025, is amended to read:

221.025 [EXEMPTIONS.]

Except as provided in sections 221.031 and 221.033, the provisions of this chapter do not apply to the intrastate transportation described below:

(a) the transportation of students to or from school or school activities in a school bus inspected and certified under section 169.451;

(b) the transportation of rubbish as defined in section 443.27;

(c) a commuter van as defined in section 221.011, subdivision 27;

(d) authorized emergency vehicles as defined in section 169.01, subdivision 5, including ambulances, and tow trucks when picking up and transporting disabled or wrecked motor vehicles and when carrying proper and legal warning devices;

(e) the transportation of grain samples under conditions prescribed by the board;

(f) the delivery of agricultural lime;

(g) the transportation of dirt and sod within an area having a 50-mile radius from the home post office of the person performing the transportation;

(h) a person while exclusively engaged in the transportation of sand, gravel, bituminous asphalt mix, concrete ready mix, concrete blocks or tile, or crushed rock to or from the point of loading or a place of gathering within an area having a 50-mile radius from that person's home post office or a 50-mile radius from the site of construction or maintenance of public roads and streets;

(i) the transportation of pulpwood, cordwood, mining timber, poles, posts, decorator evergreens, wood chips, sawdust, shavings, and bark from the place where the products are produced to the point where they are to be used or shipped;

(j) a person while engaged exclusively in transporting fresh vegetables from farms to canneries or viner stations, from viner stations to canneries, or from canneries to canneries during the harvesting, canning, or packing season, or transporting potatoes, sugar beets, wild rice, or rutabagas from the field of production to the first place of delivery or unloading, including a processing plant, warehouse, or railroad siding;

(k) a person engaged in transporting property or freight, other than household goods and petroleum products in bulk, entirely within the corporate limits of a city or between contiguous cities except as provided in section 221.296;

(l) the transportation of unprocessed dairy products in bulk within an area having a 100-mile radius from the home post office of the person providing the transportation;

(m) a person engaged in transporting agricultural, horticultural, dairy, livestock, or other farm products within an area having a 25-mile radius from the person's home post office and the carrier may transport other commodities within the 25-mile radius if the destination of each haul is a farm;

(n) a person providing limousine service that is not regular route service in a passenger automobile that is not a van, and that has a seating capacity, excluding the driver, of not more than 12 persons;

(o) passenger transportation service that is not charter service and that is under contract to and with operating assistance from the department *or the regional transit board*.

Sec. 5. Minnesota Statutes 1989 Supplement, section 221.031, subdivision 3a, is amended to read:

Subd. 3a. [CONTRACTORS OR RECIPIENTS OF TRANSPORTATION ASSISTANCE.] Notwithstanding subdivision 3, providers of passenger transportation service under contract to and with operating assistance from the department *or the regional transit board* must comply with rules of the commissioner for driver qualifications, safe operation of vehicles, equipment, parts and accessories, maximum hours of service of drivers, inspection, repair and maintenance, and accident reporting. This subdivision does not apply to a local transit commission, a transit authority created by the legislature, or special transportation service certified by the commissioner under section 174.30.

Sec. 6. Minnesota Statutes 1989 Supplement, section 221.601, subdivision 1, is amended to read:

221.601 [AGREEMENTS WITH OTHER STATES.]

Subdivision 1. [AUTHORITY.] The commissioner may enter *into* agreements with representatives of other states to allow the cooperative registration of motor carriers transporting property or passengers for hire in interstate commerce. The agreement may authorize representatives of other states to issue interstate registration stamps and trip permits; accept the



filing of insurance certificates, *insurance cancellation notices*, and interstate commerce commission orders; *issue suspension and reinstatement orders or notices*; and collect and disburse fees prescribed by this chapter. The agreement may allow the exchange of information for audit, reporting, and enforcement purposes, and the collection and disbursement of fees provided under this chapter and the laws of other states that participate in the agreement. The agreement *and all amendments* must be in writing. The agreement may provide for the gradual adoption of a base state registration system. It may provide that a motor carrier based in another state participating in the agreement, that has filed evidence of financial responsibility in that state that meets the requirements of this chapter and of the agreement, need not file evidence of financial responsibility with the commissioner for its interstate operations in this state.

Sec. 7. [FIBER OPTIC CABLE ALONG I-94; I-494.]

*Notwithstanding Minnesota Rules 1989, part 8810.3300, subpart 4, a utility, as defined in Minnesota Rules 1989, part 8810.3100, subpart 4, may lay a fiber optic cable or a conduit containing one or more fiber optic cables inside the control-of-access lines along the portion of the interstate highway designated as I-94 that runs between Maple Grove in Hennepin county and St. Cloud in Stearns county, and the portion of the interstate highway designated as I-494 that runs between Plymouth in Hennepin county and Maple Grove in Hennepin county. The commissioner of transportation may impose reasonable conditions on the time, place, and manner of the utility's installation and maintenance of the cable or conduit and may also charge reasonable fees therefor notwithstanding Minnesota Statutes, chapters 14 and 16A. If the cable or conduit must be relocated because of reconstruction or maintenance work on an interstate highway, the utility shall bear the entire cost of the relocation.*

Sec. 8. [EFFECTIVE DATE.]

*Sections 1 to 7 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to transportation; providing greater restrictions on eligibility of debarred persons for certain public contracts; exempting provision of passenger transportation service under contract with regional transportation board from some regulation; increasing scope of interstate motor carrier registration agreements; permitting fiber optic cable to be laid along portions of certain interstate highways; amending Minnesota Statutes 1988, section 161.315, subdivisions 2 and 3; Minnesota Statutes 1989 Supplement, sections 221.022; 221.025; 221.031, subdivision 3a; and 221.601, subdivision 1."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Bernard L. Lieder, Andy Steensma, Doug Carlson

Senate Conferees: (Signed) Jim Vickerman, Betty A. Adkins, Mel Frederick

Mr. Vickerman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1857 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. 1857 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	Hughes	McGowan	Pogemiller
Anderson	Davis	Johnson, D.E.	McQuaid	Ramstad
Beckman	Decker	Knaak	Mehrkens	Renneke
Belanger	DeCramer	Knutson	Metzen	Samuelson
Benson	Diessner	Kroening	Moe, D.M.	Solon
Berg	Flynn	Langseth	Moe, R.D.	Storm
Berglin	Frank	Lantry	Morse	Stumpf
Bernhagen	Frederick	Larson	Olson	Vickerman
Bertram	Frederickson, D.J.	Lessard	Pariseau	Waldorf
Brataas	Frederickson, D.R.	Luther	Piepho	
Cohen	Freeman	Marty	Piper	

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 9, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1846

A bill for an act relating to prostitution; increasing penalties for certain patrons of prostitutes; providing that when a patron uses a motor vehicle during commission of an offense, that fact will be noted on the person's driving record; amending Minnesota Statutes 1988, sections 609.324, subdivisions 2, 3, and by adding subdivisions; and 609.3241.

April 2, 1990

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 recede from its amendments and that H.F. No. 1846 be further amended as follows:

Pages 1 and 2, delete sections 2 and 3 and insert:

"Sec. 2. Minnesota Statutes 1988, section 609.324, subdivision 3, is amended to read:

Subd. 3. Whoever intentionally does any of the following may be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both:

(1) Engages in prostitution with an individual 18 years of age or above; or

(2) Hires or offers or agrees to hire an individual 18 years of age or above to engage in sexual penetration or sexual contact. *Except as otherwise provided in subdivision 4, a person who is convicted of violating clause (1) or (2) while acting as a patron must, at a minimum, be sentenced to pay a fine of at least \$500.*

Whoever violates the provisions of this subdivision within two years of a previous conviction 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. *Except as otherwise provided in subdivision 4, a person who is convicted of a gross misdemeanor violation of this subdivision while acting as a patron, must, at a minimum, be sentenced as follows:*

(1) to pay a fine of at least \$1,500; and

(2) to serve 20 hours of community work service.

*The court may waive the mandatory community work service if it makes specific, written findings that the community work service is not feasible or appropriate under the circumstances of the case.*

Sec. 3. Minnesota Statutes 1988, section 609.324, is amended by adding a subdivision to read:

*Subd. 4. [COMMUNITY SERVICE IN LIEU OF MINIMUM FINE.] The court may order a person convicted of violating subdivision 2 or 3 to perform community work service in lieu of all or a portion of the minimum fine required under those subdivisions if the court makes specific, written findings that the convicted person is indigent or that payment of the fine would create undue hardship for the convicted person or that person's immediate family. Community work service ordered under this subdivision is in addition to any mandatory community work service ordered under subdivision 3."*

Page 3, delete section 5 and insert:

"Sec. 5. Minnesota Statutes 1988, section 609.3241, is amended to read:

609.3241 [PENALTY ASSESSMENT AUTHORIZED.]

In any county that has established a multidisciplinary child protection team pursuant to section 626.558, when a court sentences an adult convicted of violating section 609.322, 609.323, or 609.324, while acting other than as a prostitute, the court shall impose an assessment of \$250 for a violation of section 609.324, subdivision 2, or a misdemeanor violation of section 609.324, subdivision 3; otherwise the court shall impose an assessment of \$500. The assessment is to be used for the purposes described in section

626.558, subdivision 2a- ~~This assessment~~ and is in addition to the assessment or surcharge required by section 609.101.”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Jean Wagenius, Randy C. Kelly, Kathleen Vellenga, Kathleen Blatz, Marcus Marsh

Senate Conferees: (Signed) Lawrence J. Pogemiller, Patrick D. McGowan, Carol Flynn, William V. Belanger, Jr., Ember D. Reichgott

Mr. Pogemiller 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 question was taken on the adoption of the motion.

The roll was called, and there were yeas 47 and nays 9, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Kroening	Metzen	Renneke
Anderson	Decker	Langseth	Moe, R.D.	Samuelson
Beckman	Flynn	Lantry	Morse	Schmitz
Belanger	Frank	Larson	Olson	Solon
Berg	Frederick	Lessard	Pariseau	Storm
Berglin	Frederickson, D.J.	Luther	Piepho	Stumpf
Bernhagen	Frederickson, D.R.	Marty	Piper	Vickerman
Bertram	Hughes	McGowan	Pogemiller	
Brataas	Johnson, D.E.	McQuaid	Purfearer	
Chmielewski	Knaak	Mehrkens	Ramstad	

Those who voted in the negative were:

Benson	Davis	Diessner	Knutson	Waldorf
Cohen	DeCramer	Freeman	Merriam	

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 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Mehrkens	Renneke
Anderson	Decker	Knutson	Merriam	Samuelson
Beckman	DeCramer	Kroening	Metzen	Schmitz
Belanger	Diessner	Laidig	Moe, D.M.	Solon
Benson	Flynn	Langseth	Moe, R.D.	Storm
Berg	Frank	Lantry	Morse	Stumpf
Berglin	Frederick	Larson	Olson	Vickerman
Bernhagen	Frederickson, D.J.	Lessard	Pariseau	Waldorf
Bertram	Frederickson, D.R.	Luther	Piepho	
Brataas	Freeman	Marty	Piper	
Chmielewski	Hughes	McGowan	Pogemiller	
Dahl	Johnson, D.E.	McQuaid	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. 1913, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1913 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 9, 1990

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 1913**

A bill for an act relating to commerce; regulating dividends on claims in liquidation proceedings; regulating the lending practices of regulated lenders; specifying the loan fees and charges that may be imposed by regulated lenders; amending Minnesota Statutes 1988, sections 49.24, subdivision 9; 56.131, subdivisions 1, and 2; 56.14; and 325G.22, by adding a subdivision.

April 3, 1990

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. 1913, 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. 1913 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 49.24, subdivision 9, is amended to read:

Subd. 9. [DIVIDENDS ON CLAIMS.] At any time after the expiration of the date fixed for the presentation of claims the commissioner may, out of the funds remaining on hand after the payment of expenses *and amounts due to depositors*, declare one or more dividends, and after the expiration of one year from the first publication of notice to creditors, may declare a final dividend, such dividends to be paid to such persons in such amounts as may be directed by the district court.

If any dividend on any claim shall be less than \$1, the commissioner may hold that dividend until it with subsequent dividends amounts to the sum of \$1 or more. The commissioner shall pay all dividends so withheld with the final dividend.

Sec. 2. Minnesota Statutes 1988, section 56.131, subdivision 1, is amended

to read:

Subdivision 1. [INTEREST RATES AND CHARGES.] (a) On any loan in a principal amount not exceeding \$35,000 or ten percent of a corporate licensee's contributed capital and appropriated reserves as defined in section 53.015, if greater, a licensee may contract for and receive interest, calculated according to the actuarial method, not exceeding the equivalent of the greater of any of the following:

(1) the total of: (i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding ~~\$350~~ \$750; and (ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding ~~\$350~~ \$750; or

(2) 21.75 percent per year on the unpaid balance of the principal amount.

(b) On any loan where interest has been calculated according to the method provided for in paragraph (a), clause (1), interest must be contracted for and earned as provided in that provision or at the single annual percentage rate computed to the nearest 1/100 of one percent that would earn the same total interest at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (1), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method.

(c) Loans may be interest-bearing or precomputed.

(d) To compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is considered 1/30 of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month.

In the alternative, for interest-bearing loans, a licensee may charge interest at the rate of 1/365 of the agreed annual rate for each actual day elapsed.

(e) With respect to interest-bearing loans:

(1) Interest must be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment must be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest must not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (f), clause (3). The resulting loan contract is deemed a new and separate loan transaction for all purposes.

(f) With respect to precomputed loans:

(1) Loans must be repayable in substantially equal and consecutive monthly

installments of principal and interest combined, except that the first installment period may be more or less than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days and must be reduced by the amount of interest for the number of days less than one month to the first installment payment; and monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid. Payments must be applied in the order in which they become due.

(3) When any loan contract is paid in full by cash, renewal or refinancing, or a new loan, one month or more before the final installment due date, a licensee shall refund or credit the borrower with the total of the applicable charges for all fully unexpired installment periods, as originally scheduled or as deferred, which follow the day of prepayment; if the prepayment is made other than on a scheduled payment date, the nearest scheduled installment payment date must be used in the computation; provided further, if the prepayment occurs prior to the first installment due date, the licensee may retain 1/30 of the applicable charge for a first installment period of one month for each day from the date of the loan to the date of prepayment, and shall refund or credit the borrower with the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(4) If an installment, other than the final installment, is not paid in full within ten days of its scheduled due date, a licensee may contract for and receive a default charge not exceeding five percent of the amount of the installment, but not less than \$4.

A default charge under this subdivision may not be collected on an installment paid in full within ten days of its scheduled due date, or deferred installment due date with respect to deferred installments, even though a default or deferral charge on an earlier installment has not been paid in full. A default charge may be collected at the time it accrues or at any time thereafter.

(5) If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a licensee may grant a deferment and may collect a deferment charge as provided in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. Should a loan be prepaid in full during a deferment period, the licensee shall make or credit to the borrower a refund of the unearned deferment charge in addition to any other refund or credit made

for prepayment of the loan in full.

(6) If two or more installments are delinquent one full month or more on any due date, and if the contract so provides, the licensee may reduce the unpaid balance by the refund credit which would be required for prepayment in full on the due date of the most recent maturing installment in default. Thereafter, and in lieu of any other default or deferment charges, the single annual percentage rate permitted by this subdivision may be charged on the unpaid balance until fully paid.

(7) Following the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under paragraph (f), clause (6), may charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by this subdivision until fully paid.

*(8) With respect to a loan secured by an interest in real estate, and having a maturity of more than 60 months, the original schedule of installment payments must fully amortize the principal and interest on the loan. The original schedule of installment payments for any other loan secured by an interest in real estate must provide for payment amounts that are sufficient to pay all interest scheduled to be due on the loan.*

Sec. 3. Minnesota Statutes 1988, section 56.131, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL CHARGES.] In addition to the charges provided for by this section and section 56.155, no further or other amount whatsoever, shall be directly or indirectly charged, contracted for, or received for the loan made, except actual out of pocket expenses of the licensee to realize on a security after default, and except for the following additional charges which may be included in the principal amount of the loan:

(a) lawful fees and taxes paid to any public officer to record, file, or release security;

(b) with respect to a loan secured by an interest in real estate, the following closing costs, if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section; provided the costs do not exceed one percent of the principal amount or \$250, whichever is greater:

(1) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;

(2) fees, if not paid to the licensee, an employee of the licensee, or a person related to the licensee, for preparation of a mortgage, settlement statement, or other documents, fees for notarizing mortgages and other documents, and appraisal fees;

(c) the premium for insurance in lieu of perfecting and releasing a security interest to the extent that the premium does not exceed the fees described in paragraph (a)-;

*(d) discount points and appraisal fees may not be included in the principal amount of a loan secured by an interest in real estate when the loan is a refinancing for the purpose of bringing the refinanced loan current and is made within 24 months of the original date of the refinanced loan. For purposes of this paragraph, a refinancing is not considered to be for*



*the purpose of bringing the refinanced loan current if new funds advanced to the customer, not including closing costs or delinquent installments, exceed \$1,000.*

Sec. 4. Minnesota Statutes 1988, section 56.14, is amended to read:

56.14 [DUTIES OF LICENSEE.]

Every licensee shall:

(1) deliver to the borrower (or if there are two or more borrowers to one of them) at the time any loan is made a statement making the disclosures and furnishing the information required by the federal Truth-in-Lending Act, *United States Code, title 15, sections 1601 to 1667e, as amended from time to time*, with respect to the contract of loan. A copy of the loan contract may be delivered in lieu of a statement if it discloses the required information;

(2) deliver or mail to the borrower without request, a written receipt within 30 days following payment for each payment by coin or currency made on account of any loan wherein charges are computed and paid on unpaid principal balances for the time actually outstanding, specifying the amount applied to charges and the amount, if any, applied to principal, and stating the unpaid principal balance, if any, of the loan; and wherein pre-computed charges have been added to the principal of the loan specifying the amount of the payment applied to principal and charges combined, the amount applied to default or extension charges, if any, and stating the unpaid balance, if any, of the precomputed loan contract. A periodic statement showing a payment received by mail complies with this clause;

(3) permit payment to be made in advance in any amount on any contract of loan at any time, but the licensee may apply the payment first to all charges in full at the agreed rate up to the date of the payment;

(4) upon repayment of the loan in full, mark indelibly every obligation and security, other than a mortgage or security agreement which secures a new loan to the licensee, signed by the borrower with the word "Paid" or "Canceled," and release any mortgage or security agreement which no longer secures a loan to the licensee, restore any pledge, and cancel and return any note, and any assignment given to the licensee which does not secure a new loan to the licensee within 20 days after the repayment;

(5) display prominently in each licensed place of business a full and accurate schedule, to be approved by the commissioner, of the charges to be made and the method of computing the same; furnish a copy of the contract of loan to any person obligated on it or who may become obligated on it at any time upon the request of that person;

(6) show in the loan contract or statement of loan the rate or rates of charge on which the charge in the contract is based, expressed in terms of rate or rates per annum. The rate expression shall be printed in at least 8-point type on the loan statement or copy of the loan contract given to the borrower.

Sec. 5. Minnesota Statutes 1988, section 325G.22, is amended by adding a subdivision to read:

*Subd. 1a. [ADJUSTMENT OF DOLLAR AMOUNTS.] The dollar amount in subdivision 1 shall change periodically as provided in section 550.37, subdivision 4a.*

## Sec. 6. [EFFECTIVE DATE.]

*Sections 1 to 5 are effective the day following final enactment."*

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Linda Scheid, Tom Osthoff, Andy Dawkins, Bob Neuenschwander, Ben Boo

Senate Conferees: (Signed) Sam G. Solon, Allan H. Spear, James P. Metzen, Cal Larson, Gregory L. Dahl

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1913 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Freeman moved that the recommendations and Conference Committee Report on H.F. No. 1913 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the motion of Mr. Freeman.

The roll was called, and there were yeas 17 and nays 39, as follows:

Those who voted in the affirmative were:

Beckman	Diessner	Kroening	Merriam	Waldorf
Berglin	Flynn	Lantry	Moe, D.M.	
Chmielewski	Frank	Luther	Morse	
Davis	Freeman	Marty	Vickerman	

Those who voted in the negative were:

Adkins	Brataas	Hughes	McQuaid	Purfeerst
Anderson	Cohen	Johnson, D.E.	Mehrkens	Ramstad
Belanger	Dahl	Knaak	Metzen	Renneke
Benson	Decker	Knutson	Moe, R.D.	Samuelson
Berg	DeCramer	Laidig	Olson	Schmitz
Bernhagen	Frederick	Larson	Pariseau	Solon
Bertram	Frederickson, D.J.	Lessard	Piepho	Storm
Brandl	Frederickson, D.R.	McGowan	Piper	

The motion did not prevail.

The question recurred on the motion of Mr. Solon to adopt the recommendations and Conference Committee Report on H.F. No. 1913 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. 1913 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 11, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Frederickson, D.R.	McQuaid	Ramstad
Anderson	Cohen	Hughes	Mehrkens	Samuelson
Beckman	Dahl	Johnson, D.E.	Metzen	Schmitz
Befanger	Davis	Knaak	Moe, R. D.	Solon
Benson	Decker	Knutson	Olson	Storm
Berg	DeCramer	Laidig	Pariseau	Vickerman
Bernhagen	Diessner	Langseth	Piepho	
Bertram	Flynn	Larson	Piper	
Brandl	Frederick	Lessard	Pogemiller	
Brataas	Frederickson, D.J.	McGowan	Purfeerst	

Those who voted in the negative were:

Berglin	Kroening	Luther	Merriam	Morse
Frank	Lantry	Marty	Moe, D.M.	Waldorf
Freeman				

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. 1730, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1730 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 9, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1730

A bill for an act relating to commerce; requiring seating furniture in public occupancies to meet flammability and labeling standards; proposing coding for new law in Minnesota Statutes, chapter 299F

April 3, 1990

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. 1730, 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. 1730 be further amended as follows:

Delete everything after the enacting clause and insert:

**“FLAMMABILITY STANDARDS FOR SEATING FURNITURE**

**Section 1. [299F840] [CITATION.]**

*Sections 1 to 9 may be cited as the “furniture fire safety act.”*

**Sec. 2. [299F841] [DEFINITIONS.]**

*Subdivision 1. [SCOPE.] The terms used in sections 1 to 9, have the meanings given them in this section.*

*Subd. 2. [SELL.] “Sell” includes sell, offer or expose for sale, barter, trade, deliver, give away, rent, consign, lease, or possess with an intent to sell or dispose of in any other commercial manner.*

*Subd. 3. [SEATING FURNITURE.] “Seating furniture” means movable or stationary furniture, manufactured on or after January 1, 1992, including children’s furniture, that is made of or with loose or attached cushions or pillows or is itself stuffed or filled in whole or in part with filling material; is or can be stuffed or filled in whole or in part with any substance or material, hidden or concealed by fabric or other covering, including cushions or pillows belonging to or forming a part of the furniture; together with the structural units, the filling material, and its container and its covering that can be used as a support for the body of a human being or a person’s limbs and feet when sitting or resting in an upright or reclining position.*

*Subd. 4. [FILLING MATERIAL.] “Filling material” includes cotton, wool, kapok, feathers, down, hair, liquid, or other natural or man-made material, substance, or prefabricated form, concealed or not concealed, to be used or that could be used in seating furniture.*

*Subd. 5. [MANUFACTURER.] “Manufacturer” means a person or the person’s employee or agent who makes an article of seating furniture in whole or in part.*

*Subd. 6. [PUBLIC OCCUPANCIES.] “Public occupancies” means:*

- (1) jails, prisons, and penal institutions;*
- (2) hospitals, mental health facilities, and similar health care facilities;*
- (3) nursing care and convalescent homes;*
- (4) child day-care centers;*
- (5) public auditoriums and stadiums; and*
- (6) public assembly areas of hotels and motels containing more than ten articles of seating furniture.*

**Sec. 3. [299F842] [EXEMPT ARTICLES.]**

*Articles of upholstered furniture, other than juvenile furniture and furniture used for and in facilities designed for the care or treatment of humans, that meet any of the following criteria are exempt from compliance with sections 1 to 9:*

- (1) cushions and pads intended solely for outdoor use;*
- (2) articles that are smooth-surfaced and contain no more than one-half inch of filling material, provided that the article does not have a horizontal surface meeting a vertical surface; and*
- (3) articles manufactured solely for recreational use or physical fitness*

*purposes, such as weightlifting benches, gymnasium mats or pads, side-horses, and similar articles.*

Sec. 4. [299F843] [ENFORCEMENT.]

*The state fire marshal shall enforce sections 1 to 9 in accordance with the laws of this state.*

Sec. 5. [299F844] [RULES.]

*The state fire marshal shall adopt rules necessary for the enforcement of sections 1 to 9 within six months of the effective date of sections 1 to 9. The fire marshal, in adopting rules, shall consider the testing and labeling procedures and requirements set forth in Technical Bulletin 133 of the state of California, "Flammability Testing and Labeling Procedures for Use in Public Occupancies," published in April 1988 by the California Bureau of Home Furnishings and Thermal Insulation and periodically the deletions, revisions, and updates of California Technical Bulletin 133. An amendment to a rule does not apply to seating furniture manufactured before the effective date of the amendment. New seating furniture sold for use in a public occupancy that meets the test criteria under rules adopted by the fire marshal must conform to the labeling requirements specified under the adopted rules.*

Sec. 6. [299F845] [SCOPE.]

*Sections 1 to 9 apply to seating furniture manufactured on or after the effective date of sections 1 to 9 that is sold or intended for use in public occupancies in this state regardless of its point of origin. New seating furniture sold or intended for use in public occupancies after the effective date of sections 1 to 9 that fails to conform to the applicable flammability standard and labeling requirement provided under sections 1 to 9, or rule of the state fire marshal adopted under section 5, is prohibited from being sold or used for public occupancies.*

Sec. 7. [299F846] [PERFORMANCE STANDARDS; TESTING.]

*The applicable flammability requirements of sections 1 to 9 or rules adopted under section 5 are to be considered as performance standards. Testing under these standards is at the discretion of the manufacturer. However, new seating furniture offered for sale in this state on or after the effective date of sections 1 to 9 must meet applicable flammability requirements as set out by rule adopted under section 5.*

Sec. 8. [299F847] [TEST INSPECTIONS, AUDITS.]

*The state fire marshal may inspect or audit the testing of seating furniture as may be considered necessary under rules adopted under section 5.*

Sec. 9. [299F848] [CIVIL ACTION.]

*The state fire marshal may institute a civil action or proceeding to enjoin a person from selling seating furniture on or after the effective date of sections 1 to 9, that does not meet the requirements of sections 1 to 8, and that is sold or intended for use in public occupancies.*

Sec. 10. [EFFECTIVE DATE.]

*This act is effective January 1, 1992."*

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Rich O'Connor, Linda Scheid, Tony L. Bennett

Senate Conferees: (Signed) Marilyn M. Lantry, Sam G. Solon, Phyllis W. McQuaid

Mrs. Lantry moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1730 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. 1730 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	Decker	Knaak	McQuaid	Ramstad
Anderson	DeCramer	Knutson	Mehrkens	Renneke
Beckman	Diessner	Kroening	Merriam	Samuelson
Benson	Flynn	Laidig	Metzen	Schmitz
Berglin	Frank	Langseth	Moe, D.M.	Solon
Bertram	Frederick	Lantry	Moe, R.D.	Storm
Brataas	Frederickson, D.J.	Larson	Morse	Vickerman
Chmielewski	Frederickson, D.R.	Lessard	Olson	Waldorf
Cohen	Freeman	Luther	Pariseau	
Dahl	Hughes	Marty	Piepho	
Davis	Johnson, D.E.	McGowan	Piper	

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

### MOTIONS AND RESOLUTIONS

Messrs. Decker; Moe, R.D.; Renneke; Frederick and Anderson introduced—

Senate Resolution No. 181: A Senate resolution urging the Congress and President of the United States to authorize a United States postage stamp commemorating the centennial of the founding of Itasca State Park and the Minnesota State Park System.

WHEREAS, Jacob V. Brower, who was a lawyer, surveyor, archaeologist, and former state legislator, paid for and personally carried out the surveying of the entire Mississippi headwaters in 1889; and

WHEREAS, Brower then took up a battle that saw success in 1891 with the establishment of the 20,000 acre Itasca State Park. It was the state's first and one of the nation's earliest state parks; and

WHEREAS, the difficulty of convincing the Legislature and the people of a need for a wilderness state park in a state with then seemingly inexhaustible wilderness cannot be overestimated; and

WHEREAS, from the park's founding in 1891, until his death in 1905, Brower was Itasca's first commissioner and he fought against desecration of the wilderness; and

WHEREAS, the creation of Itasca State Park eventually led to today's state park system consisting of 64 parks totalling 200,000 acres that is recognized as one of the nation's finest park systems; and

WHEREAS, as the source of the Mississippi River, the founding of Itasca State Park has national significance; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota that it requests that the Congress enact, and the President approve, legislation authorizing the issuance of a United States postage stamp commemorating the centennial of the founding of Itasca State Park and the Minnesota State Park system.

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 that it be presented to the President and Secretary of the United States Senate, the Speaker and Chief Clerk of the United States House of Representatives, the President of the United States, and to Minnesota's Senators and Representatives in Congress.

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

Mr. Cohen moved that S.F. No. 1874 be taken from the table. The motion prevailed.

S.F. No. 1874: A bill for an act relating to meetings of public bodies; government data practices; defining final disposition of a disciplinary action regarding personnel records; making clear that meetings may not be closed on the basis of data classification statutes; providing an exception to the open meeting law for preliminary discussions concerning allegations of misconduct against government employees or evaluations of government employees; amending Minnesota Statutes 1988, sections 13.43, subdivision 2; and 471.705, by adding subdivisions.

Mr. Cohen moved that the Senate do not concur in the amendments by the House to S.F. No. 1874, 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. Laidig introduced—

Senate Resolution No. 182: A Senate resolution congratulating the Mahomedis Girls Gymnastics Team for their achievements during the 1989-1990 gymnastics season.

Referred to the Committee on Rules and Administration.

Mr. Frederickson, D.R. introduced—

Senate Resolution No. 183: A Senate resolution congratulating the Springfield High School Band and Chorus on their magnificent performances at the All-American Music Festival Competition in Orlando, Florida.

Referred to the Committee on Rules and Administration.

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. Laidig, Waldorf, Mrs. Pariseau, Messrs. Larson and Belanger introduced—

S.F. No. 2635: A bill for an act relating to probate; defining anatomical gifts; amending Minnesota Statutes 1988, section 525.921, by adding a subdivision.

Referred to the Committee on Judiciary.

## CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Samuelson moved that the following members be excused for a Conference Committee on S.F. No. 2621 at 12:30 p.m.:

Mses. Piper, Berglin, Messrs. Knutson, Solon and Samuelson. The motion prevailed.

## MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1731 a Special Order to be heard immediately.

## SPECIAL ORDER

S.F. No. 1731: A bill for an act relating to human services; clarifying treatment and assessment requirements under the Minnesota comprehensive mental health acts for adults and children; amending Minnesota Statutes 1988, section 245.467, subdivision 2; Minnesota Statutes 1989 Supplement, sections 245.467, subdivision 3; 245.469; 245.4711, subdivisions 1, 2, and 3; 245.483, subdivision 3; 245.487, subdivisions 2 and 5; 245.4871, subdivision 3; 245.4873, subdivision 2; 245.4874; 245.4875, subdivision 5; 245.4876, subdivisions 2, 3, and 4; 245.4879; 245.4881, subdivisions 1, 2, 3, and 4; 245.4882, subdivision 1; 245.4883, subdivision 1; 245.4885, subdivisions 1 and 2; 245.696, subdivision 2; 245.697, subdivision 2a; 245.73, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 245; repealing Minnesota Statutes 1989 Supplement, sections 245.4711, subdivisions 6, 7, and 8; and 245.4881, subdivisions 6 to 10.

Ms. Berglin moved to amend S.F. No. 1731 as follows:

Page 11, line 2, delete everything after "(2)"

Page 11, line 3, delete everything before "*assure*"

Page 12, line 30, after "*monthly*" insert " *, unless otherwise determined by the counsel or subcommittee but not less than quarterly.*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1731 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	Cohen	Frederickson, D.R.	Lessard	Olson
Anderson	Dahl	Hughes	Luther	Pariseau
Beckman	Davis	Johnson, D.E.	Marty	Piepho
Benson	Decker	Knaak	McGowan	Piper
Berg	DeCramer	Knutson	McQuaid	Ramstad
Berglin	Diessner	Kroening	Mehrkens	Renneke
Bernhagen	Flynn	Laidig	Merriam	Solon
Bertram	Frank	Langseth	Metzen	Storm
Brataas	Frederick	Lantry	Moe, R.D.	Vickerman
Chmielewski	Frederickson, D.J.	Larson	Morse	Waldorf

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2248 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2248: A bill for an act relating to education; entering the Mid-western Higher Education Compact; providing the appointment of members; proposing coding for new law in Minnesota Statutes, chapter 135A.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	Marty	Piper
Anderson	Davis	Johnson, D.E.	McGowan	Ramstad
Beckman	Decker	Knaak	McQuaid	Renneke
Benson	DeCramer	Knutson	Mehrkens	Solon
Berg	Dicklich	Kroening	Merriam	Storm
Berglin	Diessner	Laidig	Metzen	Vickerman
Bernhagen	Flynn	Langseth	Moe, R.D.	Waldorf
Bertram	Frank	Lantry	Morse	
Brataas	Frederick	Larson	Olson	
Chmielewski	Frederickson, D.J.	Lessard	Pariseau	
Cohen	Frederickson, D.R.	Luther	Piepho	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2458 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 2458: A bill for an act relating to hazardous materials; directing the commissioner of public safety to plan a system for a regional hazardous materials incident response program; establishing an advisory task force.

Mr. Merriam moved that the amendment made to H.F. No. 2458 by the Committee on Rules and Administration in the report adopted April 6, 1990, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2458 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	Hughes	Marty	Piper
Anderson	Davis	Johnson, D.E.	McGowan	Ramstad
Beckman	Decker	Knaak	McQuaid	Reichgott
Benson	DeCramer	Knutson	Mehrkens	Renneke
Berg	Dicklich	Kroening	Merriam	Schmitz
Berglin	Diessner	Laidig	Metzen	Solon
Bernhagen	Flynn	Langseth	Moe, R.D.	Storm
Bertram	Frank	Lantry	Morse	Vickerman
Brataas	Frederick	Larson	Olson	Waldorf
Chmielewski	Frederickson, D.J.	Lessard	Pariseau	
Cohen	Frederickson, D.R.	Luther	Piepho	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F No. 1674 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F No. 1674: A bill for an act relating to agriculture; providing grasshopper control; authorizing the commissioner to exempt certain lands from grasshopper control; exempting certain persons from losses relating to grasshopper control; clarifying when public utilities are subject to grasshopper control; providing for notices for control and approval of grasshopper control costs; authorizing levies; appropriating money; amending Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 18; repealing Minnesota Statutes 1989 Supplement, section 18.0226.

Mr. Morse moved to amend S.F No. 1674 as follows:

Page 3, delete lines 1 to 9 and insert:

*“(c) A pesticide applicator must not apply grasshopper control pesticides on blooming alfalfa, clover, or sunflowers except during the first three hours after sunrise or during the last hour before sunset within two miles of honeybee colonies registered under section 19.64, subdivision 1.*

*(d) A person who applies pesticides or contracts to have pesticides applied must provide written or oral notice to owners of honeybee colonies registered under section 19.64, subdivision 1, that are located within two miles of the application site not more than seven days nor less than 24 hours before the pesticide application occurs.”*

Page 3, line 10, delete “(d)” and insert “(e)”

Page 11, line 2, before the period, insert *“including up to \$75,000 for a research program by the commissioner of agriculture in consultation with the commissioner of natural resources and the University of Minnesota extension service to evaluate non-pesticide alternatives to grasshopper control”*

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 40 and nays 16, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	Merriam	Ramstad
Anderson	Davis	Johnson, D.J.	Metzen	Reichgott
Beckman	Decker	Knaak	Moe, D.M.	Renneke
Benson	DeCramer	Lantry	Morse	Schmitz
Berglin	Diessner	Luther	Novak	Solon
Brandl	Flynn	Marty	Olson	Spear
Brataas	Frederick	McGowan	Pehler	Vickerman
Cohen	Hughes	McQuaid	Pogemiller	Waldorf

Those who voted in the negative were:

Belanger	Chmielewski	Kroening	Larson	Piepho
Berg	Frederickson, D.J.	Laidig	Pariseau	Storm
Bernhagen	Frederickson, D.R.	Langseth	Peterson, R. W.	Stumpf
Bertram				

The motion prevailed. So the amendment was adopted.

S.F. No. 1674 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 5, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.J.	Merriam	Ramstad
Anderson	Davis	Knaak	Metzen	Reichgott
Beckman	Decker	Laidig	Moe, D.M.	Renneke
Belanger	DeCramer	Langseth	Morse	Samuelson
Benson	Dicklich	Larson	Novak	Schmitz
Berg	Diessner	Lessard	Olson	Solon
Bernhagen	Frederick	Luther	Pariseau	Storm
Bertram	Frederickson, D.J.	Marty	Pehler	Stumpf
Brandl	Frederickson, D.R.	McGowan	Peterson, R. W.	Vickerman
Chmielewski	Hughes	McQuaid	Piepho	
Cohen	Johnson, D.E.	Mehrkens	Pogemiller	

Those who voted in the negative were:

Berglin	Kroening	Lantry	Spear	Waldorf
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So the bill, as amended, was passed and its title was agreed to.

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mrs. Lantry moved that the following members be excused for a Conference Committee on S.F. No. 2018 at 2:00 p.m.:

Messrs. Diessner, Purfeerst, Mrs. McQuaid, Ms. Reichgott and Mrs. Lantry. The motion prevailed.

The question recurred on H.F. No. 1855.

**SPECIAL ORDER**

H.F. No. 1855: A bill for an act relating to family law; modifying dissolution statistical report requirements; regulating child custody and visitation in dissolution and other proceedings; modifying standards for joint legal custody; providing for the award of temporary attorney fees; providing standards for visitation and custody rights when a parent has been convicted of certain crimes; providing funding for legal representation in family law matters; amending Minnesota Statutes 1988, sections 144.224; 257.025;

257.541, subdivision 2; 518.003, subdivision 3, and by adding a subdivision; 518.131, subdivisions 1 and 7; 518.14; 518.156; 518.167, subdivision 2; 518.175, by adding a subdivision; 518.551, subdivision 5; and 518.619; Minnesota Statutes 1989 Supplement, sections 518.17, subdivision 2; 518.175, subdivisions 1 and 5; and 518.64, subdivision 2; proposing coding for new law in chapter 518.

Ms. Reichgott moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Pages 11 and 12, delete section 14

Page 12, line 10, delete "*subdivision 8*" and insert "*section 18*"

Pages 12 to 15, delete sections 16 and 17 and insert:

"Sec. 15. Minnesota Statutes 1988, section 518.18, is amended to read:  
518.18 [MODIFICATION OF ORDER.]

(a) Unless agreed to in writing by the parties, no motion to modify a custody order may be made earlier than one year after the date of the entry of a decree of dissolution or legal separation containing a provision dealing with custody, except in accordance with clause (c).

(b) If a motion for modification has been heard, whether or not it was granted, unless agreed to in writing by the parties no subsequent motion may be filed within two years after disposition of the prior motion on its merits, except in accordance with clause (c).

(c) The time limitations prescribed in clauses (a) and (b) shall not prohibit a motion to modify a custody order if the court finds that there is persistent and willful denial or interference with visitation, or has reason to believe that the child's present environment may endanger the child's physical or emotional health or impair the child's emotional development.

(d) If the court has jurisdiction to determine child custody matters, the court shall not modify a prior custody order unless it finds, upon the basis of facts that have arisen since the prior order or that were unknown to the court at the time of the prior order, that a change has occurred in the circumstances of the child or the custodian and that the modification is necessary to serve the best interests of the child. In applying these standards the court shall retain the custodian established by the prior order unless:

(i) The custodian agrees to the modification;

(ii) The child has been integrated into the family of the petitioner with the consent of the custodian; or

(iii) The child's present environment endangers the child's physical or emotional health or impairs the child's emotional development and the harm likely to be caused by a change of environment is outweighed by the advantage of a change to the child.

*In addition, a court may modify a custody order under section 18."*

Page 18, after line 5, insert:

"Sec. 18. [631.52] [EFFECT OF CERTAIN CONVICTIONS ON CUSTODY AND VISITATION RIGHTS.]

*Subdivision 1. [SUSPENSION OF VISITATION RIGHTS; TRANSFER OF CUSTODY.] (a) If a person who has custody of a child or visitation*

rights is convicted of a crime listed in subdivision 2 and if no action is pending regarding custody or visitation, the sentencing court shall:

(1) grant temporary custody to the noncustodial parent, unless it finds that another custody arrangement is in the best interests of the child; or

(2) suspend visitation rights, unless it finds that visitation with the convicted person is in the best interests of the child.

The defendant has the burden of proving that continued custody or visitation with the defendant is in the best interests of the child. In a county that has a family law division, the sentencing court shall refer the matter to the appropriate court for action under this section.

(b) If a person who has child custody or visitation rights has been convicted of a crime listed in subdivision 2 and is currently incarcerated, on probation, or under supervised release for that offense, then any interested party may petition the sentencing court for relief under paragraph (a) unless the court already made a determination under this subdivision.

Subd. 2. [APPLICATION.] Subdivision 1 applies to the following crimes or similar crimes under the laws of the United States or any other state:

(1) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;

(2) manslaughter in the first degree under section 609.20;

(3) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;

(4) kidnapping under section 609.25;

(5) depriving another of custodial or parental rights under section 609.26;

(6) soliciting, inducing, or promoting prostitution involving a minor under section 609.322;

(7) receiving profit from prostitution involving a minor under section 609.323;

(8) criminal sexual conduct in the first degree under section 609.342;

(9) criminal sexual conduct in the second degree under section 609.343;

(10) criminal sexual conduct in the third degree under section 609.344, subdivision 1, paragraph (c), (f), or (g);

(11) solicitation of a child to engage in sexual conduct under section 609.352;

(12) incest under section 609.365;

(13) malicious punishment of a child under section 609.377; or

(14) neglect of a child under section 609.378.”

Renumber the sections in sequence and correct the internal references  
Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Olson moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Page 18, after line 5, insert:

"Sec. 20. Minnesota Statutes 1989 Supplement, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] (a) *Except as provided in paragraph (b), the terms of a decree respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party; (3) receipt of assistance under sections 256.72 to 256.87; or (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair. On a motion for modification of maintenance, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court shall take into consideration the needs of the children and shall not consider the financial circumstances of each party's spouse, if any. A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party. Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.*

*(b) An award of temporary spousal maintenance for a period of limited duration may not be modified to extend the period of time during which maintenance payments must be made or to provide for a permanent maintenance award."*

Page 18, after line 12, insert:

"Sec. 22. [EFFECTIVE DATE.]

*Section 20 is effective August 1, 1990, and applies to motions brought on or after that date."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

### CALL OF THE SENATE

Mr. Cohen imposed a call of the Senate for the balance of the proceedings on H.F. No. 1855. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Olson amendment.

The roll was called, and there were yeas 14 and nays 35, as follows:

Those who voted in the affirmative were:

Chmielewski  
Diessner  
Frederick

Frederickson, D.R.  
Knaak  
Kroening  
Larson  
Lessard  
McQuaid

Merriam  
Metzen  
Olson

Pariseau  
Piepho

Those who voted in the negative were:

Adkins	Bertram	Frederickson, D.J.	McGowan	Reichgott
Anderson	Brandl	Hughes	Moe, R.D.	Renneke
Beckman	Brataas	Johnson, D.E.	Morse	Schmitz
Belanger	Cohen	Johnson, D.J.	Pehler	Spear
Berg	Decker	Lantry	Peterson, R.W.	Storm
Berglin	Dicklich	Luther	Pogemiller	Stumpf
Bernhagen	Flynn	Marty	Ramstad	Vickerman

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

Mr. Knaak moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Pages 8 and 9, delete section 10 and insert:

“Sec. 10. Minnesota Statutes 1988, section 518.14, is amended to read:

518.14 [COSTS AND DISBURSEMENTS AND ATTORNEY FEES.]

~~In a proceeding brought either for dissolution or legal separation under this chapter, the court, from time to time, after considering the financial resources of both parties, may require one party to pay a reasonable amount necessary to enable the other spouse to carry on or to contest the proceeding, and to pay attorney's fees, including sums for legal services rendered and costs incurred prior to the commencement or after entry of judgment. In a proceeding under this chapter, the court shall award attorney fees, costs, and disbursements in an amount necessary to enable a party to carry on or contest the proceeding, provided it finds:~~

*(1) that the fees are necessary for the good-faith assertion of the party's rights in the proceeding and will not contribute unnecessarily to the length and expense of the proceeding; and*

*(2) that the party from whom fees, costs, and disbursements are sought has the means to pay them.*

*Nothing in this section precludes the court from awarding, in its discretion, additional fees, costs, and disbursements against a party who unreasonably contributes to the length or expense of the proceeding. Fees, costs, and disbursements provided for in this section may be awarded at any point in the proceeding. The court may adjudge costs and disbursements against either party. The court may authorize the collection of money awarded by execution, or out of property sequestered, or in any other manner within the power of the court. An award of attorney's fees made by the court during the pendency of the proceeding or in the final judgment survives the proceeding and if not paid by the party directed to pay the same may be enforced as above provided or by a separate civil action brought in the attorney's own name. If the proceeding is dismissed or abandoned prior to determination and award of attorney's fees, the court may nevertheless award attorney's fees upon the attorney's motion. The award shall also survive the proceeding and may be enforced in the same manner as last above provided.”*

The motion prevailed. So the amendment was adopted.

Mr. Knaak then moved to amend H.F. No. 1855, the unofficial engrossment, as follows:

Pages 4 to 6, delete sections 4 and 5

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 11 and nays 41, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knaak	McQuaid	Olson
Belanger	Diessner	Larson	Mehrkens	Pariseau
Bernhagen				

Those who voted in the negative were:

Adkins	Dicklich	Lantry	Novak	Schmitz
Berg	Flynn	Lessard	Pehler	Spear
Bertram	Frederickson, D.J.	Luther	Peterson, R.W.	Stumpf
Brandl	Frederickson, D.R.	Marty	Piepho	Vickerman
Brataas	Hughes	McGowan	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Merriam	Purfeerst	
Cohen	Johnson, D.J.	Metzen	Ramstad	
Dahl	Kroening	Moe, R.D.	Reichgott	
Davis	Langseth	Morse	Renneke	

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

Mr. Spear moved to amend the second Knaak amendment to H.F. No. 1855, adopted by the Senate April 9, 1990, as follows:

Delete page 1, line 3, to page 4, line 18, and insert:

“Page 11, after line 17, insert:

“Sec. 14. Minnesota Statutes 1988, section 518.17, subdivision 3, is amended to read:

Subd. 3. [CUSTODY AND SUPPORT ORDER.] (a) Upon adjudging the nullity of a marriage, or in a dissolution or separation proceeding, or in a child custody proceeding, the court shall make such further order as it deems just and proper concerning:

- (1) the legal custody of the minor children of the parties which shall be sole or joint;
- (2) their physical custody and residence; and
- (3) their support.

*Both parents are responsible for the support of their children to the extent of their ability. It is presumed that a parent who has physical custody of a child supports the child by providing for the daily care and residence of the child. In determining custody, the court shall consider the best interests of each child and shall not prefer one parent over the other solely on the basis of the sex of the parent.*

(b) The court shall grant the following rights to each of the parties, unless specific findings are made under paragraph (c), and every custody order must include the following notice to the parties:

**NOTICE IS HEREBY GIVEN TO THE PARTIES:**

Each party has the right of access to, and to receive copies of, school, medical, dental, religious training, and other important records and information about the minor children. Presentation of a copy of this order to the custodian of a record or other information about the minor children constitutes sufficient authorization for the release of the record



or information to the requesting party.

Each party shall keep the other party informed as to the name and address of the school of attendance of the minor children. Each party has the right to be informed by school officials about the children's welfare, educational progress and status, and to attend school and parent-teacher conferences. The school is not required to hold a separate conference for each party.

In case of an accident or serious illness of a minor child, each party shall notify the other party of the accident or illness, and the name of the health care provider and the place of treatment.

Each party has the right to reasonable access and telephone contact with the minor children.

(c) The court may waive all or part of the notice required under paragraph (b) if it finds that it is necessary to protect the welfare of a party or child."

Page 4, after line 18, insert:

"Sec. 19. Minnesota Statutes 1988, section 518.57, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Upon a decree of dissolution, legal separation or annulment, the court ~~may~~ shall make a further order which is just and proper concerning the maintenance of the minor children as provided by section 518.551, and for the maintenance of any child of the parties as defined in section 518.54, as support money, and may make the same a lien or charge upon the property of the parties to the proceeding, or either of them, either at the time of the entry of the judgment or by subsequent order upon proper application."

Mr. Knaak moved to amend the Spear amendment to the second Knaak amendment adopted by the Senate April 9, 1990, to H.F. No. 1855 as follows:

Page 1, delete line 4 and insert:

"Page 1, after line 2, insert:"

Page 1, line 16, after "are" insert "presumed equally"

Page 1, line 17, delete "It is presumed" and insert "In determining the level of support provided by a parent, the court may consider"

Page 2, after line 14, insert:

"Page 1, line 17, delete "obligors" and insert "equally responsible for the support of the children of the marriage""

Page 2, line 15, delete "15" and insert "4" and delete "29" and insert "18"

Mr. Knaak requested division of the amendment as follows:

First portion:

Page 1, delete line 4 and insert:

"Page 1, after line 2, insert:"

Page 1, line 16, after "are" insert "presumed equally"

Page 1, line 17, delete "It is presumed" and insert "In determining the level of support provided by a parent, the court may consider"

Second portion:

Page 2, after line 14, insert:

“Page 1, line 17, delete “obligors” and insert “equally responsible for the support of the children of the marriage””

Page 2, line 15, delete “15” and insert “4” and delete “29” and insert “18”

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

Mr. Knaak withdrew the second portion of his amendment.

The question recurred on the adoption of the Spear amendment, as amended. The motion prevailed. So the Spear amendment, as amended, was adopted.

Mr. Knaak moved to amend the second Knaak amendment to H.F No. 1855, adopted by the Senate April 9, 1990, as follows:

Page 1, line 17, delete “obligors” and insert “equally responsible for the support of the children of the marriage”

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

H.F No 1855 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Metzen	Ramstad
Anderson	Decker	Laidig	Moe, D.M.	Reichgott
Beckman	DeCramer	Langseth	Moe, R. D.	Spear
Belanger	Diessner	Lantry	Morse	Storm
Berg	Flynn	Lessard	Novak	Stumpf
Bernhagen	Frederickson, D.J.	Luther	Pariseau	Vickerman
Bertram	Frederickson, D.R.	Marty	Pehler	Waldorf
Brandl	Hughes	McGowan	Peterson, R. W.	
Brataas	Johnson, D.E.	Mehrkens	Piepho	
Cohen	Johnson, D.J.	Merriam	Pogemiller	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F No. 1996 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F No. 1996: A bill for an act relating to waste management; making several technical changes to the waste management act; establishing a time period for local decision-making on siting of solid waste facilities; establishing time periods for state and metropolitan council approval of county solid waste management plans; clarifying jurisdiction of county plans; clarifying order of funding priority for grants for solid waste management projects; adjusting procedures for the creation of solid waste management districts; increasing the authority of the districts; authorizing counties to set civil penalties by ordinance for violation of designation ordinances; authorizing additional county fees on in-county disposal of out-of-county

solid waste; adding procedures and requirements for cities to meet when they organize solid waste collection; requiring a supplementary incinerator ash report; delaying the date for incinerator ash to be considered special waste; providing waste management training and certification programs; authorizing counties to charge property owners, lessees, and occupants for solid waste management services; authorizing metropolitan counties to charge reasonable rates for solid waste facilities; restricting the authority of certain local governments to prevent establishment, operation, or expansion of solid waste disposal facilities; providing buffer areas around landfill operations; extending the solid waste ash project report; authorizing sanitary districts to use the greater Minnesota landfill cleanup fee; specifying use of the greater Minnesota landfill fee; providing a landfill compliance and financial assurance study; authorizing Winona county to give political subdivisions the authority to accept responsibility for managing their solid waste; amending provisions for forgiving a grant to Winona county; reducing time for metropolitan review of local government solid waste facility siting decisions; repealing the requirement that government agencies use degradable polyethylene bags; changing references; amending Minnesota Statutes 1988, sections 16B.61, subdivision 3a; 115A.03, subdivision 23; 115A.06, subdivisions 2, 5, 5a, 6, 8, 10, 11, 12, and 13; 115A.07, subdivisions 1 and 2; 115A.075; 115A.10; 115A.11, subdivision 1a; 115A.158, subdivision 2; 115A.191, subdivisions 1 and 2; 115A.192, subdivisions 1 and 2; 115A.193; 115A.194, subdivision 2; 115A.411, subdivision 1; 115A.46, subdivision 1, and by adding a subdivision; 115A.49; 115A.53; 115A.54, subdivision 3; 115A.64, subdivisions 2, 4, and 6; 115A.66, subdivision 3; 115A.67; 115A.86, by adding a subdivision; 115A.914; 115A.94, subdivisions 3 and 4; 115A.97, subdivisions 4 and 5; 325E.045, subdivision 1; 400.08, subdivisions 1 and 3; 473.811, subdivision 3, and by adding a subdivision; 473.823, subdivision 5, and by adding a subdivision; 473.833, by adding a subdivision; 473.845, subdivision 4; 473.846; Minnesota Statutes 1989 Supplement, sections 115A.14, subdivision 4; 115A.195; 115A.54, subdivision 2a; 115A.84, subdivision 2; 115A.86, subdivision 5; 115A.919; 115B.04, subdivision 4; 116.41, subdivision 2; 116C.69, subdivision 3; Minnesota Statutes Second 1989 Supplement, sections 115A.072, subdivisions 1 and 4; 115A.55, subdivision 3; 115A.551, subdivisions 4 and 7; 115A.558; 115A.961, subdivisions 2 and 4; Laws 1987, First Special Session chapter 5, section 1; Laws 1988, chapter 685, section 42; Laws 1989, chapter 325, sections 72, subdivision 2; 75; and 79; and chapter 335, article 1, section 269; proposing coding for new law in Minnesota Statutes, chapter 115A; repealing Minnesota Statutes 1988, sections 115A.09, subdivision 5; 115A.90, subdivision 2; 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 115A.922; 115A.923, subdivisions 2 to 5; 115A.924; 115A.925; 115A.927; 115A.928; and Laws 1987, chapter 348, section 51, subdivision 5.

Mr. Merriam moved to amend S.F. No. 1996 as follows:

Page 30, line 34, after the first period, insert "*Sections 17 and 18 are effective August 1, 1990, and apply to cities, towns, and counties that initiate action to organize solid waste collection on or after that date.*"

The motion prevailed. So the amendment was adopted.

Ms. Berglin moved to amend S.F. No. 1996 as follows:

Page 28, after line 40, insert:

"Sec. 40. [TRANSFER STATION PROHIBITION; LEGISLATIVE

## RECOMMENDATION.]

*Subdivision 1. [PROHIBITION.] Until July 1, 1991, no county may locate or develop a facility for the transfer of mixed municipal solid waste that was not permitted by the pollution control agency prior to the effective date of this act and that would be located within 1,000 feet of a residence, a residential health care facility, or a food-related commercial or retail facility.*

*Subd. 2. [TRANSFER STATION LOCATION; LEGISLATIVE RECOMMENDATION.] By January 1, 1991, the legislative commission on waste management shall recommend new legislation or amendments to Minnesota Statutes, chapters 115A and 473, that will require counties to locate and develop facilities for the transfer of mixed municipal solid waste in areas and in a manner that will minimize adverse impacts on residential, commercial, and retail areas. Legislation recommended under this section must also:*

*(1) require each county to locate and develop all types of solid waste management facilities in relation to the location and type of all other existing and planned solid waste management facilities to ensure that the burden of hosting the facilities is proportionately shared by all the cities, towns, and communities in the county to the extent possible;*

*(2) require that any plan to locate and develop a mixed municipal solid waste facility include specific plans for reducing the quantity of mixed municipal solid waste that will be accepted at the facility over time;*

*(3) require that any plan to locate and develop a mixed municipal solid waste facility include separate collection and processing of recyclable materials and materials that pose processing or disposal problems when they are included in the waste stream; and*

*(4) set guidelines for whether and under what circumstances a county should compensate a community for the adverse effects of a mixed municipal solid waste management facility.”*

Renumber the sections of article 1 in sequence and correct the internal references

Amend the title accordingly

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

Mr. Lessard moved to amend S.F. No. 1996 as follows:

Page 16, after line 31, insert:

“Sec. 22. Minnesota Statutes 1988, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] *(a) The agency shall adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator’s or owner’s financial capability to provide reasonable and necessary response during the operating life of the facility and for 20 years after closure, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules or by July 1, 1987, whichever is later, proof of financial responsibility is required of*

an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules is a condition of obtaining or retaining a permit to operate the facility.

*(b) The agency shall adopt rules to allow a municipality, as defined in section 475.51, subdivision 2, including a sanitary district, that owns or operates a solid waste disposal facility to meet its financial responsibility for all or a portion of the contingency action portion of the reasonable and necessary response costs at the facility through its authority to issue bonds. The rules must ensure that when funds are needed for a contingency action, sufficient bonds can and will be issued by the municipality to meet its responsibility. The rules that allow a municipality to meet financial assurance under this paragraph must include at least requirements that a municipality:*

*(1) adopt an ordinance that clearly accepts responsibility for the costs of contingency action at the facility and that reserves, during the operating life of the facility and for 20 years after closure, a portion of the debt limit of the municipality, as established under section 475.53 or other law, that is equal to the total contingency action costs calculated under the rules;*

*(2) meets a portion of its financial responsibility by relying on its authority to issue bonds, begins setting aside funds that will cover a portion of the potential contingency action costs at the facility, the amount not to exceed five percent to be determined by the agency for each facility based on at least the likelihood and potential timing of conditions arising at the facility that will necessitate response action; and*

*(3) have and consistently maintain an investment grade bond rating as a condition of using bonding authority to meet financial responsibility under this section."*

Page 24, after line 25, insert:

"Sec. 35. Minnesota Statutes 1988, section 475.53, is amended by adding a subdivision to read:

*Subd. 8. [DEBT LIMIT RESERVATION.] A municipality must, by ordinance, reserve a portion of its unencumbered debt limit for the purpose of providing proof of financial responsibility for the contingency action portion of the response costs at a solid waste disposal facility, under rules adopted by the pollution control agency, if the municipality by resolution meets financial assurance under section 116.07, subdivision 4h. Reservation of a portion of a municipality's debt limit under this subdivision may not be revoked by the municipality until the expiration of the required time period for maintaining proof of financial responsibility or the municipality adopts and adequately funds, as of the date of implementation, an alternate method of financial responsibility under the rules of the agency, whichever occurs earlier."*

Page 28, line 49, delete "until"

Page 28, line 50, delete everything before the period

Page 29, delete lines 1 to 7

Page 29, line 8, delete everything before the second "the"

Page 29, delete lines 11 to 17

Pages 29 and 30, delete section 42

Page 30, delete section 44

Renumber the sections of article 1 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Larson moved to amend S.F. No. 1996 as follows:

Page 28, line 50, before the period, insert “, *except that the operator of a facility that is owned by a statutory or home rule charter city shall pay the fee to the city that owns the facility*”

The motion prevailed. So the amendment was adopted.

Mr. Luther moved to amend S.F. No. 1996 as follows:

Page 17, after line 20, insert:

“Sec. 23. Minnesota Statutes 1989 Supplement, section 116.85, is amended to read:

116.85 [MONITORS REQUIRED FOR INCINERATORS.]

*Subdivision 1. [EMISSION MONITORS.] Notwithstanding any other law to the contrary, an incinerator permit that contains emission limits for dioxin, cadmium, chromium, lead, or mercury must, as a condition of the permit, require the installation of an air emission monitoring system approved by the commissioner. The monitoring system must provide continuous measurements to ensure optimum combustion efficiency for the purpose of ensuring optimum dioxin destruction. The system shall also be capable of providing a permanent record of monitored emissions that will be available upon request to the commissioner and the general public. The commissioner shall provide periodic inspection of the monitoring system to determine its continued accuracy. *The facility must conduct periodic stack testing for mercury at intervals not to exceed 90 days. Refuse-derived fuel facilities must conduct periodic stack testing for mercury at intervals not to exceed 15 months unless a previous test showed a permit exceedance after which the agency may require quarterly testing until permit requirements are satisfied.**

*Subd. 2. [CONTINUOUSLY MONITORED EMISSIONS.] Should, at any time after normal startup, the permitted facility's continuously monitored emissions exceed permit requirements, based on accurate and valid emissions data, the facility shall immediately report the exceedance to the commissioner and immediately either commence appropriate modifications to the facility to ensure its ability to meet permitted requirements or commence shutdown if the modifications cannot be completed within 72 hours. *Compliance with permit requirements must then be demonstrated based on additional testing.**

*Subd. 3. [PERIODICALLY TESTED EMISSIONS.] Should, at any time after normal startup, the permitted facility's periodically tested emissions exceed permit requirements based on accurate and valid emissions data, the facility shall immediately report the exceedance to the commissioner, and the commissioner shall direct the facility to commence appropriate modifications to the facility to ensure its ability to meet permitted requirements within 30 days, or to commence appropriate testing for a maximum*

*period of 30 days to assure compliance with applicable permit limits. If the commissioner determines that compliance has not been achieved after 30 days, then the facility shall shut down until compliance with permit requirements is demonstrated based on additional testing. This section shall not be construed to limit the authority of the agency to regulate incinerator operations under any other law."*

Renumber the sections of article 1 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Bernhagen moved to amend S.F. No. 1996 as follows:

Page 15, line 5, delete "1992" and insert "1991"

The motion prevailed. So the amendment was adopted.

Mr. Storm moved to amend S.F. No. 1996 as follows:

Pages 20 and 21, delete section 28

Renumber the sections of article 1 in sequence and correct the internal references

Amend the title accordingly

### CALL OF THE SENATE

Mr. Dahl imposed a call of the Senate for the balance of the proceedings on S.F. No. 1996. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Storm amendment.

Mr. Merriam moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 32 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.J.	McQuaid	Reichgott
Beckman	Decker	Knaak	Mehrkens	Renneke
Belanger	Frank	Knutson	Olson	Schmitz
Benson	Frederick	Kroening	Pariseau	Storm
Berg	Frederickson, D.J.	Laidig	Piepho	
Berglin	Frederickson, D.R.	Larson	Purfeerst	
Bernhagen	Johnson, D.E.	McGowan	Ramstad	

Those who voted in the negative were:

Adkins	DeCramer	Lantry	Moe, R.D.	Samuelson
Bertram	Dicklich	Lessard	Morse	Solon
Brandl	Diessner	Luther	Novak	Spear
Chmielewski	Flynn	Marty	Pehler	Stumpf
Cohen	Freeman	Merriam	Peterson, R.W.	Vickerman
Dahl	Hughes	Metzen	Piper	Waldorf
Davis	Langseth	Moe, D.M.	Pogemiller	

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

Mr. Storm then moved to amend S.F. No. 1996 as follows:

Page 21, line 1, delete the first comma and insert "or" and delete ", or expansion"

The question was taken on the adoption of the Storm amendment.

Mr. Merriam moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 32 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Knaak	McQuaid	Reichgott
Belanger	Decker	Knutson	Mehrkens	Renneke
Benson	Frank	Kroening	Olson	Schmitz
Berg	Frederick	Laidig	Pariseau	Storm
Berglin	Frederickson, D.J.	Larson	Piepho	
Bernhagen	Frederickson, D.R.	Lessard	Purfeerst	
Brataas	Johnson, D.E.	McGowan	Ramstad	

Those who voted in the negative were:

Adkins	DeCramer	Lantry	Morse	Solon
Beckman	Dicklich	Luther	Novak	Spear
Bertram	Diessner	Marty	Pehler	Stumpf
Brandl	Flynn	Merriam	Peterson, R.W.	Vickerman
Cohen	Freeman	Metzen	Piper	Waldorf
Dahl	Hughes	Moe, D.M.	Pogemiller	
Davis	Langseth	Moe, R.D.	Samuelson	

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

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Freeman moved that the following members be excused for a Conference Committee on H.F. No. 2651 from 3:15 to 4:40 p.m.:

Messrs. Benson; Merriam; Moe, R.D.; Waldorf and Freeman. The motion prevailed.

Mr. Laidig moved to amend S.F. No. 1996 as follows:

Page 20, line 36, delete "A local government unit" and insert "The city of Eden Prairie"

Page 21, line 1, delete everything after "of"

Page 21, delete lines 2 to 4

Page 21, line 5, delete everything before the comma and insert "Flying Cloud Landfill"

Page 21, line 6, delete "local government unit" and insert "city of Eden Prairie"

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

Mr. Storm moved to amend S.F. No. 1996 as follows:

Page 16, after line 3, insert:

"Sec. 21. [115A.998] [ONLY COUNCIL, COUNTY, AND AGENCY APPROVAL REQUIRED FOR CERTAIN SITES.]

*A local government unit may not prevent the establishment, operation, or expansion of a solid waste disposal facility that had approval of the metropolitan council, or pollution control agency for facilities outside the metropolitan area, to expand, and has received approval of the pollution control agency and the county where the facility is located, except that*



*with the approval of the metropolitan council, or pollution control agency for facilities outside the metropolitan area, the local government unit may impose reasonable conditions respecting the construction, inspection, monitoring, and maintenance of a facility.”*

Pages 20 and 21, delete section 28

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 25 and nays 29, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knutson	Mehrkens	Purfeerst
Belanger	Frank	Laidig	Moe, D.M.	Ramstad
Benson	Frederickson, D.J.	Larson	Olson	Reichgott
Berg	Johnson, D.E.	McGowan	Pariseau	Renneke
Berglin	Knaak	McQuaid	Piepho	Storm

Those who voted in the negative were:

Adkins	Dahl	Hughes	Merriam	Schmitz
Beckman	Davis	Langseth	Metzen	Spear
Bertram	DeCramer	Lantry	Morse	Stumpf
Brataas	Diessner	Lessard	Novak	Vickerman
Chmielewski	Flynn	Luther	Piper	Waldorf
Cohen	Freeman	Marty	Pogemiller	

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

Mr. Novak moved to amend S.F. No. 1996 as follows:

Page 12, line 35, reinstate the stricken language and delete the new language

Page 14, after line 30, insert:

*“(g) Subdivision 5 shall not apply to a city or town which studies organized collection, considers state and county recycling goals, holds a public hearing, and determines that its goals can be met through licensing rather than organized collection and notifies the county in writing of its findings and action taken.”*

Mr. Merriam requested division of the amendment as follows:

First portion:

Page 12, line 35, reinstate the stricken language and delete the new language

Second portion:

Page 14, after line 30, insert:

*“(g) Subdivision 5 shall not apply to a city or town which studies organized collection, considers state and county recycling goals, holds a public hearing, and determines that its goals can be met through licensing rather than organized collection and notifies the county in writing of its findings and action taken.”*

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

adopted.

The question was taken on the adoption of the second portion of the amendment. The motion did not prevail. So the second portion of the amendment was not adopted.

Mr. Knaak moved to amend S.F. No. 1996 as follows:

Page 51, after line 9, insert:

“Sec. 39. [YARD WASTE COMPOSTING.]

*Each county in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, shall establish at least one yard waste composting facility within the county that accepts yard waste at no charge from licensed solid waste collectors. The county shall fund at least 50 percent of the operation of the facility from funds received under Minnesota Statutes, section 115A.557.”*

Renumber the sections of article 2 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1996 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	Davis	Johnson, D.J.	Merriam	Purfeerst
Anderson	Decker	Knaak	Metzen	Ramstad
Beckman	DeCramer	Kroening	Moe, D.M.	Renneke
Belanger	Dicklich	Laidig	Moe, R.D.	Samuelson
Benson	Diessner	Langseth	Morse	Schmitz
Berg	Flynn	Lantry	Novak	Solon
Bernhagen	Frank	Larson	Olson	Spear
Bertram	Frederick	Lessard	Pariseau	Stumpf
Brandl	Frederickson, D.J.	Luther	Pehler	Vickerman
Brataas	Frederickson, D.R.	Marty	Peterson, R.W.	Waldorf
Chmielewski	Freeman	McGowan	Piepho	
Cohen	Hughes	McQuaid	Piper	
Dahl	Johnson, D.E.	Mehrkens	Pogemiller	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1950 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F. No. 1950: A bill for an act relating to housing; requiring state interagency coordination on homelessness; providing for treatment of certain obligations upon foreclosure of certain mortgages; appropriating non-refundable bond allocation deposits to the housing trust fund account; amending Minnesota Statutes 1988, sections 462A.201, subdivision 2; 462C.07, by adding a subdivision; 469.155, by adding a subdivision; and 474A.21; proposing coding for new law in Minnesota Statutes, chapter 462A.

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	Johnson, D.J.	Mehrkens	Renneke
Anderson	Decker	Knaak	Merriam	Samuelson
Beckman	DeCramer	Knutson	Moe, D.M.	Schmitz
Benson	Diessner	Kroening	Moe, R.D.	Solon
Berg	Flynn	Langseth	Morse	Spear
Berglin	Frank	Lantry	Novak	Storm
Bernhagen	Frederick	Larson	Olson	Stumpf
Bertram	Frederickson, D.J.	Lessard	Pariseau	Vickerman
Brataas	Frederickson, D.R.	Luther	Piper	Waldorf
Chmielewski	Freeman	Marty	Pogemiller	
Cohen	Hughes	McGowan	Purfeerst	
Dahl	Johnson, D.E.	McQuaid	Ramstad	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F No. 2055 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F No. 2055: A bill for an act relating to appropriations; providing refunds of bond allocation deposits; appropriating money.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.E.	McGowan	Samuelson
Anderson	DeCramer	Johnson, D.J.	McQuaid	Schmitz
Beckman	Dicklich	Knaak	Merriam	Solon
Benson	Diessner	Knutson	Metzen	Spear
Berg	Flynn	Kroening	Moe, R.D.	Stumpf
Berglin	Frank	Langseth	Novak	Vickerman
Bernhagen	Frederick	Lantry	Olson	Waldorf
Bertram	Frederickson, D.J.	Larson	Piper	
Brataas	Frederickson, D.R.	Lessard	Pogemiller	
Chmielewski	Freeman	Luther	Ramstad	
Cohen	Hughes	Marty	Renneke	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F No. 2395 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F No. 2395: A bill for an act relating to unemployment compensation; making various technical changes; regulating eligibility of conservation corps members and entertainers; increasing the income disregard; regulating eligibility for persons receiving holiday pay; regulating administrative hearings; providing for data sharing; appropriating certain federal money; amending Minnesota Statutes 1988, sections 268.08, subdivision 3; 268.10,

subdivision 9; and 268.12, subdivision 13; Minnesota Statutes 1989 Supplement, sections 84.965, subdivision 2; 84.98, subdivision 5; 268.04, subdivision 12; 268.07, subdivision 2; 268.12, subdivision 12; 270B.14, subdivision 8; and 290.92, subdivision 21.

Mr. Chmielewski moved to amend S.F. No. 2395 as follows:

Pages 2 to 14, delete section 3

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2395 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.	Mehrkens	Renneke
Beckman	DeCramer	Knaak	Merriam	Samuelson
Belanger	Dicklich	Knutson	Metzen	Schmitz
Benson	Diessner	Kroening	Moe, D.M.	Solon
Berg	Flynn	Langseth	Moe, R.D.	Spear
Berglin	Frank	Lantry	Novak	Storm
Bernhagen	Frederick	Larson	Olson	Stumpf
Bertram	Frederickson, D.J.	Lessard	Piepho	Vickerman
Brataas	Frederickson, D.R.	Luther	Piper	Waldorf
Chmielewski	Freeman	Marty	Pogemiller	
Cohen	Hughes	McGowan	Purfeerst	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2375 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2375: A bill for an act relating to workers' compensation; providing for loggers; requiring the commissioner of labor and industry to study issues concerning loggers; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 176.

Mr. Chmielewski moved to amend S.F. No. 2375 as follows:

Page 3, line 6, delete "1" and insert "15"

Page 4, line 13, delete "1" and insert "15"

The motion prevailed. So the amendment was adopted.

S.F. No. 2375 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	McQuaid	Ramstad
Anderson	Decker	Johnson, D.J.	Mehrkens	Renneke
Beckman	DeCramer	Knaak	Merriam	Schmitz
Belanger	Dicklich	Knutson	Metzen	Solon
Benson	Diessner	Kroening	Moe, D.M.	Spear
Berg	Flynn	Langseth	Moe, R.D.	Storm
Berglin	Frank	Lantry	Novak	Stumpf
Bernhagen	Frederick	Larson	Olson	Vickerman
Bertram	Frederickson, D.J.	Lessard	Pariseau	Waldorf
Brataas	Frederickson, D.R.	Luther	Piepho	
Chmielewski	Freeman	Marty	Pogemiller	
Cohen	Hughes	McGowan	Purfeerst	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2177 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F. No. 2177: A bill for an act relating to traffic safety; providing for administrative impoundment of license plates of vehicles owned by repeat violators of laws relating to driving while intoxicated; providing for issuance of special plates to certain members of the violator's household; requiring peace officers to serve a notice of intent to impound when serving a notice of intent to revoke the violator's driver's license; providing for administrative and judicial review of impoundment orders; eliminating the alcohol problem screening for persons convicted of offenses associated with driving under the influence of alcohol or a controlled substance; modifying procedures for chemical use assessments, programs, and funding; changing the maximum rate for reimbursement of counties from the general fund for the assessments; expanding the crime of refusing to submit to an implied consent test; expanding the crime of aggravated driving while intoxicated; removing requirement that negligence be proven for conviction of criminal vehicular operation if driver's alcohol concentration was 0.10 or more; imposing penalties for criminal vehicular operation resulting in substantial bodily harm; prohibiting constructive possession of alcohol in a private motor vehicle; expanding the definition of possession; appropriating money; amending Minnesota Statutes 1988, sections 168.041, subdivisions 3, 8, and 10; 169.122, subdivision 2; 169.124, subdivision 1; 169.126, subdivisions 1, 2, 6, and by adding a subdivision; and 169.129; Minnesota Statutes 1989 Supplement, sections 169.041, subdivision 4; 169.121, subdivisions 1a and 3b; 169.126, subdivision 4; 260.193, subdivision 8; and 609.21; proposing coding for new law in Minnesota Statutes, chapter 168; repealing Minnesota Statutes 1988, sections 168.041, subdivision 3a; 169.124, subdivisions 2 and 3; and 169.126, subdivisions 2, 3, and 4b; and Minnesota Statutes 1989 Supplement, sections 168.041, subdivision 4a; and 169.126, subdivision 4a.

Mr. Spear moved to amend S.F. No. 2177 as follows:

Page 7, after line 25, insert:

*"Subd. 12. [ISSUANCE OF SPECIAL REGISTRATION PLATES.] A violator or registered owner may apply to the commissioner for new registration plates, which must bear a special series of numbers or letters so as to be readily identified by traffic law enforcement officers. The commissioner may authorize the issuance of special plates if:*

- (1) a member of the violator's household has a valid driver's license;*
- (2) the violator or registered owner has a limited license issued under section 171.30;*
- (3) the registered owner is not the violator and the registered owner has a valid or limited driver's license; or*
- (4) a member of the registered owner's household has a valid driver's license.*

*The commissioner may issue the special plates on payment of a \$25 fee for each vehicle for which special plates are requested."*

Renumber the subdivisions in sequence

Page 14, after line 28, insert:

"Sec. 2. Minnesota Statutes 1988, section 169.121, is amended by adding a subdivision to read:

*Subd. 3c. [NOTICE OF ENHANCED PENALTIES.] When a court sentences a person for a misdemeanor violation of this section, it shall inform the defendant of the statutory provisions that provide for enhancement of criminal penalties for repeat violators. The failure of a court to provide this information to a defendant does not affect the future applicability of these enhanced penalties to that defendant."*

Renumber the sections of article 3 in sequence and correct the internal references

Page 18, after line 29, insert:

#### "ARTICLE 6

##### AIRCRAFT OPERATION WHILE INTOXICATED PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 169.121, subdivision 3, is amended to read:

Subd. 3. [CRIMINAL PENALTIES.] (a) A person who violates subdivision 1 or an ordinance in conformity with it is guilty of a misdemeanor.

(b) A person is guilty of a gross misdemeanor who violates subdivision 1 or an ordinance in conformity with it within five years of a prior impaired driving conviction, or within ten years of the first of two or more prior impaired driving convictions.

For purposes of this paragraph, a prior impaired driving conviction is a prior conviction under this section, section 84.91, subdivision 1, paragraph (a), 169.129, 361.12, subdivision 1, paragraph (a), 609.21, subdivision 1, clause (2) or (3), 609.21, subdivision 2, clause (2) or (3), 609.21, subdivision 3, clause (2) or (3), 609.21, subdivision 4, clause (2) or (3), section 4, or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them. A prior impaired driving conviction also includes a prior juvenile adjudication that would have been a prior impaired driving conviction if committed by an adult.

(c) A person who violates subdivision 1a is guilty of a gross misdemeanor.

(d) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section shall also be responsible for prosecution of gross misdemeanor violations

of this section.

When an attorney responsible for prosecuting gross misdemeanors under this section requests criminal history information relating to prior impaired driving convictions from a court, the court must furnish the information without charge.

Sec. 2. Minnesota Statutes 1988, section 360.075, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR.] Every person who:

(1) Operates an aircraft either on or over land or water in this state without the consent of the owner of such aircraft; or

~~(2) Operates, or attempts to operate, any aircraft in this state while under the influence of intoxicating liquor or of any narcotic or other habit-forming drug; or~~

~~(3) Knowingly permits any individual who may be under the influence of intoxicating liquor or of any narcotic or other habit-forming drug to operate any aircraft owned by or in the custody or control of such person; or~~

(4) Operates aircraft while in the possession of any federal license, certificate, or permit or any certificate of registration issued by the transportation department of this state, or displays, or causes or permits to be displayed, such federal license, certificate, or permit or such state certificate of registration, knowing either to have been canceled, revoked, suspended, or altered; or

~~(5) (3) Lends to, or knowingly permits the use of by, one not entitled thereto of any federal airman's or aircraft license, certificate, or permit, or any state airman's or aircraft certificate of registration issued to that person; or~~

~~(6) (4) Displays or represents as the person's own any federal airman's or aircraft license, certificate, or permit or any state airman's or aircraft certificate of registration not issued to that person; or~~

~~(7) (5) Tamper with, climbs upon or into, makes use of, or navigates any aircraft without the knowledge or consent of the owner or person having control thereof, whether while the same is in motion or at rest, or hurls stones or any other missiles at aircraft, or the occupants thereof, or otherwise damages or interferes with the same, or places upon any portion of any airport any object, obstruction, or other device tending to injure aircraft or parts thereof; or~~

~~(8) (6) Uses a false or fictitious name, gives a false or fictitious address, knowingly makes any false statement or report, or knowingly conceals a material fact, or otherwise commits a fraud in any application or form required under the provisions of sections 360.011 to 360.076, or by any rules or orders of the commissioner; or~~

~~(9) (7) Operates any aircraft in such a manner as to indicate either a willful or a wanton disregard for the safety of persons or property; or~~

~~(10) (8) Carries on or over land or water in this state in an aircraft other than a public aircraft any explosive substance except as permitted by the Federal Explosives Act, being the Act of October 6, 1917, as amended by Public Law Number 775, 77th Congress, approved November 24, 1942; or~~

~~(11)~~ (9) Discharges a gun, pistol, or other weapon in or from any aircraft in this state except as the hunting of certain wild animals from aircraft may be permitted by other laws of this state, or unless the person is the pilot or officer in command of the aircraft or a peace officer or a member of the military or naval forces of the United States, engaged in the performance of duty; or

~~(12)~~ (10) Carries in any aircraft, other than a public aircraft, any shotgun, rifle, pistol, or small arms ammunition except in the manner in which such articles may be lawfully carried in motor vehicles in this state, or is a person excepted from the provisions of clause ~~(11)~~ (9); or

~~(13)~~ (11) Engages in acrobatic or stunt flying without being equipped with a parachute and without providing any other occupants of the aircraft with parachutes and requiring that they be worn; or

~~(14)~~ (12) While in flying over a thickly inhabited area or over a public gathering in this state, engages in trick or acrobatic flying or in any acrobatic feat; or

~~(15)~~ (13) Except while in landing or taking off, flies at such low levels as to endanger persons on the surface beneath, or engages in advertising through the playing of music or transcribed or oral announcements, or makes any noise with any siren, horn, whistle, or other audible device which is not necessary for the normal operation of the aircraft, except that sound amplifying devices may be used in aircraft when operated by or under the authority of any agency of the state or federal government for the purpose of giving warning or instructions to persons on the ground; or

~~(16)~~ (14) Drops any object, except loose water, loose fuel, or loose sand ballast, without the prior written consent of the commissioner of transportation and the prior written consent of the municipality or property owner where objects may land; drops objects from an aircraft that endanger person or property on the ground, or drops leaflets for any purpose whatsoever; or

~~(17)~~ (15) While in flight in an aircraft, whether as a pilot, passenger, or otherwise, endangers, kills or attempts to kill any birds or animals or uses any aircraft for the purpose of concentrating, driving, rallying, or stirring up migratory waterfowl, except as may be permitted by other laws of this state shall be guilty of a misdemeanor.

Sec. 3. Minnesota Statutes 1988, section 360.075, subdivision 6, is amended to read:

Subd. 6. [ADDITIONAL PENALTIES, CERTAIN VIOLATIONS.] For any violation of subdivisions 1 and 5, *section 4*, or of any rule issued pursuant to section 360.015, in addition to the penalties provided in this section *or section 4*, or as a condition to the suspension of a sentence which may be imposed pursuant thereto, the court in its discretion may prohibit the violator from operating an aircraft within the state for such period as it may determine, but not to exceed one year. Violation of the duly imposed prohibition of the court may be punished as a contempt of court. Upon a plea of guilty or conviction under said sections, in any case involving an airman, the court shall issue an order prohibiting the airman from exercising, in the state of Minnesota, the privileges granted to the airman by federal certificate for a period, in the discretion of the court, not to exceed one year, and shall notify the commissioner of any action involving a violation under this section *or section 4* by mailing a report to



the commissioner showing the name and address of the violator, the offense charged, the time and place of violation, the plea, the finding of the court or jury, and the penalty imposed.

**Sec. 4. [360.0752] [AIRCRAFT OPERATORS UNDER THE INFLUENCE OF ALCOHOL OR CONTROLLED SUBSTANCES.]**

*Subdivision 1. [DEFINITION.] As used in this section and section 5, "operate" includes the acts of all crew members with responsibility to operate the aircraft.*

*Subd. 2. [CRIME.] It is a crime for any person to operate or attempt to operate an aircraft on or over land or water within this state or over any boundary water of this state:*

*(a) when the person is under the influence of alcohol;*

*(b) when the person is under the influence of a controlled substance, as defined in section 152.01, subdivision 4;*

*(c) when the person is under the influence of a combination of any two or more of the elements named in clauses (a), (b), and (f);*

*(d) when the person's alcohol concentration is 0.04 or more;*

*(e) when the person's alcohol concentration as measured within two hours of the time of operation or attempted operation is 0.04 or more;*

*(f) when the person is knowingly under the influence of any chemical compound or combination of chemical compounds that is listed as a hazardous substance in rules adopted under section 182.655 and that affects the nervous system, brain, or muscles of the person so as to substantially impair the person's ability to operate the aircraft; or*

*(g) within eight hours of having consumed any alcoholic beverage or used any controlled substance.*

*Subd. 3. [ALLOWING OPERATION.] It is a crime for any person to knowingly permit any individual who is in violation of subdivision 2 to operate any aircraft owned by or in the custody or control of the person.*

*Subd. 4. [ARREST.] A peace officer may lawfully arrest a person for violation of subdivision 2 without a warrant upon probable cause, without regard to whether the violation was committed in the officer's presence. The express grant of arrest powers in this subdivision does not limit the arrest powers of peace officers pursuant to sections 626.65 to 626.70 or section 629.40 in cases of arrests for violation of subdivision 2 or any other provision of law.*

*Subd. 5. [EVIDENCE.] Upon the trial of any prosecution arising out of facts alleged to have been committed by any person arrested for operating or attempting to operate an aircraft in violation of subdivision 2, the court may admit evidence of the amount of alcohol or a controlled substance in the person's blood, breath, or urine as shown by an analysis of those items.*

*Evidence of the refusal to take a test is admissible into evidence in a prosecution under this section.*

*If proven by a preponderance of the evidence, it shall be an affirmative defense to a violation of subdivision 2, clause (e), that the defendant consumed a sufficient quantity of alcohol after the time of the violation and before the administration of the evidentiary test to cause the defendant's*

alcohol concentration to exceed 0.04; provided, that this evidence may not be admitted unless notice is given to the prosecution prior to the omnibus or pretrial hearing in the matter.

The foregoing provisions do not limit the introduction of any other competent evidence bearing upon the question whether or not the person violated this section, including tests obtained more than two hours after the alleged violation and results obtained from partial tests on an infrared breath-testing instrument. A result from a partial test is the measurement obtained by analyzing one adequate breath sample, as defined in section 5, subdivision 4, paragraph (b).

Subd. 6. [CRIMINAL PENALTIES.] (a) A person who violates subdivision 2, clause (g); or 3, is guilty of a misdemeanor.

(b) A person who violates subdivision 2, clauses (a) to (f), is guilty of a gross misdemeanor.

(c) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations shall also be responsible for prosecution of gross misdemeanor violations of this section.

Subd. 7. [PRELIMINARY SCREENING TEST.] When a peace officer has reason to believe that a person may be violating or has violated subdivision 2, the officer may require the person to provide a sample of the person's breath for a preliminary screening test using a device approved by the commissioner of public safety or the commissioner of transportation for this purpose. The results of this preliminary screening test shall be used for the purpose of deciding whether to require the tests authorized in section 5, but shall not be used in any court action except to prove that a test was properly required of a person pursuant to section 5. Following the screening test, additional tests may be required of the person pursuant to the provisions of section 5.

A person who refuses to furnish a sample of the person's breath is subject to the provisions of section 5 unless, in compliance with section 5, the person submits to a blood, breath, or urine test to determine the presence of alcohol or a controlled substance.

#### Sec. 5. [360.0753] [TESTING PROCEDURES.]

Subdivision 1. [PEACE OFFICER DEFINED.] For purposes of this section, the term "peace officer" means an employee of a political subdivision or state law enforcement agency who is licensed by the Minnesota board of peace officers standards and training, who is charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state, and who has full power of arrest, and shall also include the Minnesota state patrol and metropolitan airports commission peace officers, but does not include employees of the department of natural resources.

Subd. 2. [IMPLIED CONSENT; CONDITIONS; ELECTION AS TO TYPE OF TEST.] (a) Any person who operates or attempts to operate an aircraft in or over this state or over any boundary water of this state consents, subject to the provisions of this section and section 4, to a chemical test of that person's blood, breath, or urine for the purpose of determining the presence of alcohol or a controlled substance. The test shall be administered at the direction of a peace officer. The test may be required of a person when an officer has probable cause to believe the person was operating or attempting to operate an aircraft in violation of

section 4 and one of the following conditions exists:

(1) the person has been lawfully placed under arrest for violation of section 4;

(2) the person has been involved in an aircraft accident or collision resulting in property damage, personal injury, or death;

(3) the person has refused to take the screening test provided for by section 4;

(4) the screening test was administered and recorded an alcohol concentration of 0.04 or more; or

(5) the officer had probable cause to believe that the person was operating or attempting to operate an aircraft with any amount of alcohol present in the person's body.

(b) At the time a test is requested, the person shall be informed:

(1) that Minnesota law requires the person to take a test to determine the presence of alcohol or to determine if the person is under the influence of alcohol or a controlled substance;

(2) that if testing is refused, the person will be disqualified from operating an aircraft for a minimum period of one year;

(3) that if a test is taken and the results indicate an alcohol concentration of 0.04 or more or that the person is under the influence of a controlled substance, the person will be subject to criminal penalties and the person may be prohibited from operating an aircraft in this state for up to one year;

(4) that after submitting to testing, the person has the right to consult with an attorney and to have additional tests made by someone of the person's own choosing; and

(5) that if the person refuses to take a test, the refusal will be offered into evidence against the person at trial.

(c) The peace officer who requires a test pursuant to this subdivision may direct whether the test shall be of blood, breath, or urine. Action may be taken against a person who refuses to take a blood test only if an alternative test was offered, and action may be taken against a person who refuses to take a urine test only if an alternative test was offered.

*Subd. 3. [REQUIREMENT OF URINE OR BLOOD TEST.]* Notwithstanding subdivision 2, if there is probable cause to believe there is impairment by a controlled substance that is not subject to testing by a breath test, a urine or blood test may be required even after a breath test has been administered. Action may be taken against a person who refuses to take a blood test under this subdivision only if a urine test was offered, and action may be taken against a person who refuses to take a urine test only if a blood test was offered.

*Subd. 4. [BREATH TEST USING AN INFRARED BREATH-TESTING INSTRUMENT.]* (a) In the case of a breath test administered using an infrared breath-testing instrument, the test shall consist of analyses in the following sequence: one adequate breath sample analysis, one calibration standard analysis, and a second, adequate breath sample analysis.

(b) In the case of a test administered using an infrared breath-testing

*instrument, a sample is adequate if the instrument analyzes the sample and does not indicate the sample is deficient.*

*(c) For purposes of this section, when a test is administered using an infrared breath-testing instrument, failure of a person to provide two separate, adequate breath samples in the proper sequence constitutes a refusal.*

**Subd. 5. [CONSENT OF PERSON INCAPABLE OF REFUSAL NOT WITHDRAWN.]** *A person who is unconscious or who is otherwise in a condition rendering the person incapable of refusal is deemed not to have withdrawn the consent provided by subdivision 2 and the test may be given.*

**Subd. 6. [MANNER OF MAKING TEST; ADDITIONAL TESTS.]** *Only a physician, medical technician, physician's trained mobile intensive care paramedic, registered nurse, medical technologist, or laboratory assistant acting at the request of a peace officer may withdraw blood for the purpose of determining the presence of alcohol or controlled substance. This limitation does not apply to the taking of a breath or urine sample. The person tested has the right to have someone of the person's own choosing administer a chemical test or tests in addition to any administered at the direction of a peace officer; provided, that the additional test sample on behalf of the person is obtained at the place where the person is in custody, after the test administered at the direction of a peace officer, and at no expense to the state. The failure or inability to obtain an additional test or tests by a person shall not preclude the admission in evidence of the test taken at the direction of a peace officer unless the additional test was prevented or denied by the peace officer. The physician, medical technician, physician's trained mobile intensive care paramedic, medical technologist, laboratory assistant, or registered nurse drawing blood at the request of a peace officer for the purpose of determining alcohol concentration shall in no manner be liable in any civil or criminal action except for negligence in drawing the blood. The person administering a breath test shall be fully trained in the administration of breath tests pursuant to training given by the commissioner of public safety or the commissioner of transportation.*

**Subd. 7. [REFUSAL TO PERMIT TEST; CEASE AND DESIST ORDER.]** *If a person under arrest refuses to permit chemical testing, none shall be given, but the commissioner of transportation, upon the receipt of a certificate of the peace officer that the officer had reasonable and probable grounds to believe the arrested person had been operating or attempting to operate an aircraft in violation of section 4 and that the person had refused to permit the test, shall issue a cease and desist order prohibiting the operation of an aircraft for a period of one year.*

**Subd. 8. [NOTICE OF CEASE AND DESIST ORDER; REQUEST FOR HEARING.]** *No cease and desist order under subdivision 7 shall be made until the commissioner notifies the person by certified mail of intention to issue a cease and desist order and allows the person a 20-day period after the date of receiving the notice to request of the commissioner, in writing, a hearing as herein provided. If no request is filed within the 20-day period, the commissioner may then issue a cease and desist order. However, if a request for hearing is filed, no cease and desist order shall be made until final judicial determination resulting in an adverse decision to the person.*

**Subd. 9. [HEARING.]** *The hearing shall be before a district court in the county where the arrest occurred, unless there is agreement that the hearing may be held in some other county. The hearing shall be recorded*

*and proceed as in a criminal matter, without the right of trial by jury, and its scope shall cover the issues of whether the peace officer had reasonable and probable grounds to believe the person was operating or attempting to operate an aircraft in violation of section 4; whether the person was lawfully placed under arrest; whether the person refused to permit the test, and if the person refused whether the person had reasonable grounds for refusing to permit the test; and whether at the time of request for the test the peace officer informed the person that the right to fly might be denied if the person refused to permit the test and of the right to have additional tests made by someone of the person's own choosing. The court shall order either that the denial be rescinded or sustained and refer the order to the commissioner of transportation for further action.*

*Subd. 10. [NOTICE OF ACTION TO OTHER STATES.] When it has been finally determined that a nonresident's privilege to operate an aircraft in this state has been denied, the commissioner shall give information in writing of the action taken to the appropriate federal authorities and any state in which the nonresident operates an aircraft or has a license to operate an aircraft.*

Sec. 6. [REPEALER.]

*Minnesota Statutes 1988, sections 360.075, subdivision 7; and 360.0751, are repealed."*

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mrs. Pariseau moved to amend S.F. No. 2177 as follows:

Page 15, line 35, delete "or"

Page 16, line 1, delete the comma and insert "; or

*(5) in a negligent manner while having an alcohol concentration of 0.05 or more, if the actor has previously been convicted of violating section 169.121 or 169.129 once within the past five years or two or more times within the past ten years,"*

Page 16, line 15, delete "or"

Page 16, line 17, delete the comma and insert "; or

*(5) in a negligent manner while having an alcohol concentration of 0.05 or more, if the actor has previously been convicted of violating section 169.121 or 169.129 once within the past five years or two or more times within the past ten years,"*

Page 16, line 30, delete "or"

Page 16, line 32, delete the comma and insert "; or

*(5) in a negligent manner while having an alcohol concentration of 0.05 or more, if the actor has previously been convicted of violating section 169.121 or 169.129 once within the past five years or two or more times within the past ten years,"*

Page 17, line 10, delete "or"

Page 17, line 12, delete the comma and insert "; or

*(5) in a negligent manner while having an alcohol concentration of 0.05 or more, if the actor has previously been convicted of violating section*

169.121 or 169.129 once within the past five years or two or more times within the past ten years,”

Page 17, line 30, delete “or”

Page 17, line 32, delete the comma and insert “; or

(5) in a negligent manner while having an alcohol concentration of 0.05 or more, if the actor has previously been convicted of violating section 169.121 or 169.129 once within the past five years or two or more times within the past ten years,”

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 25, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.E.	McQuaid	Ramstad
Beckman	Decker	Knaak	Mehrkens	Renneke
Belanger	Frank	Kroening	Olson	Storm
Benson	Frederick	Larson	Pariseau	Vickerman
Bernhagen	Frederickson, D.R.	McGowan	Piepho	Waldorf

Those who voted in the negative were:

Adkins	Davis	Freeman	Luther	Morse
Berg	DeCramer	Hughes	Marty	Novak
Bertram	Diessner	Langseth	Merriam	Pogemiller
Chmielewski	Flynn	Lantry	Moe, D.M.	Purfeerst
Cohen	Frederickson, D.J.	Lessard	Moe, R.D.	Spear

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

Mr. Waldorf moved to amend S.F. No. 2177 as follows:

Page 15, line 35, delete “or”

Page 16, line 1, delete the comma and insert “; or

(5) in a negligent manner while having an alcohol concentration of 0.07 or more, if the actor has previously been convicted of violating section 169.121 or 169.129 once within the past five years or two or more times within the past ten years,”

Page 16, line 15, delete “or”

Page 16, line 17, delete the comma and insert “; or

(5) in a negligent manner while having an alcohol concentration of 0.07 or more, if the actor has previously been convicted of violating section 169.121 or 169.129 once within the past five years or two or more times within the past ten years,”

Page 16, line 30, delete “or”

Page 16, line 32, delete the comma and insert “; or

(5) in a negligent manner while having an alcohol concentration of 0.07 or more, if the actor has previously been convicted of violating section 169.121 or 169.129 once within the past five years or two or more times within the past ten years,”

Page 17, line 10, delete “or”

Page 17, line 12, delete the comma and insert “; or

(5) in a negligent manner while having an alcohol concentration of 0.07

*or more, if the actor has previously been convicted of violating section 169.121 or 169.129 once within the past five years or two or more times within the past ten years.”*

Page 17, line 30, delete “or”

Page 17, line 32, delete the comma and insert “; or

*(5) in a negligent manner while having an alcohol concentration of 0.07 or more, if the actor has previously been convicted of violating section 169.121 or 169.129 once within the past five years or two or more times within the past ten years.”*

### CALL OF THE SENATE

Mr. Spear imposed a call of the Senate for the balance of the proceedings on S.F. No. 2177. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Waldorf amendment.

Mr. Waldorf moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 26 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knaak	Mehrkens	Storm
Beckman	Diessner	Kroening	Olson	Waldorf
Belanger	Frank	Langseth	Pariseau	
Benson	Frederick	Larson	Piepho	
Bernhagen	Frederickson, D.R.	McGowan	Ramstad	
Brataas	Johnson, D.E.	McQuaid	Renneke	

Those who voted in the negative were:

Adkins	DeCramer	Lantry	Moe, R.D.	Samuelson
Berg	Dicklich	Lessard	Morse	Schmitz
Bertram	Flynn	Luther	Novak	Solon
Brandl	Frederickson, D.J.	Marty	Pehler	Spear
Chmielewski	Freeman	Merriam	Peterson, R.W.	Stumpf
Cohen	Hughes	Metzen	Pogemiller	Vickerman
Davis	Johnson, D.J.	Moe, D.M.	Reichgott	

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

S.F. No. 2177 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	McQuaid	Piper
Anderson	Decker	Knaak	Mehrkens	Pogemiller
Beckman	DeCramer	Knutson	Merriam	Ramstad
Belanger	Diessner	Kroening	Metzen	Renneke
Benson	Frank	Langseth	Moe, D.M.	Samuelson
Berg	Frederick	Lantry	Moe, R.D.	Schmitz
Bernhagen	Frederickson, D.J.	Larson	Morse	Spear
Bertram	Frederickson, D.R.	Lessard	Novak	Storm
Brataas	Freeman	Luther	Olson	Stumpf
Chmielewski	Hughes	Marty	Pariseau	Vickerman
Cohen	Johnson, D.E.	McGowan	Piepho	Waldorf

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F No. 2178 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F No. 2178: A bill for an act relating to peace officer education; requiring the POST board and the state higher education boards to study ways of restructuring professional peace officer education programs to include a requirement for a baccalaureate degree; requiring a report to the legislature; increasing the percentage of penalty assessments funds allocated for skills course reimbursement; amending Minnesota Statutes 1988, section 626.86; repealing Minnesota Statutes 1989 Supplement, section 626.861, 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 52 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Knaak	Merriam	Renneke
Anderson	Davis	Knutson	Metzen	Samuelson
Beckman	Decker	Kroening	Moe, R.D.	Schmitz
Belanger	DeCramer	Langseth	Morse	Spear
Benson	Frank	Lantry	Novak	Storm
Berg	Frederick	Larson	Olson	Stumpf
Berglin	Frederickson, D.J.	Lessard	Pariseau	Vickerman
Bernhagen	Frederickson, D.R.	Marty	Piepho	Waldorf
Bertram	Freeman	McGowan	Piper	
Brataas	Hughes	McQuaid	Pogemiller	
Chmielewski	Johnson, D.E.	Mehrken	Ramstad	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F No. 2160 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F No. 2160: A bill for an act relating to education; providing for the environmental education act; creating the office of environmental education; proposing coding for new law as Minnesota Statutes, chapter 126A; repealing Minnesota Statutes 1988, sections 116E.01; 116E.02; 116E.03, subdivisions 2, 3, 4, 5, 6, 7, 7a, 8, and 9; and 116E.04; Minnesota Statutes 1989 Supplement, sections 116E.03, subdivision 1; and 116E.035.

Mrs. Pariseau moved to amend S.F No. 2160 as follows:

Page 2, line 27, after the period, insert *“Four of the citizen members shall have completed at least master’s level programs in natural resource management, education, or the natural sciences.”*

Page 3, line 22, delete *“may”* and insert *“shall”*

Mr. Merriam requested division of the amendment as follows:

First portion:



Page 3, line 22, delete "may" and insert "shall"

Second portion:

Page 2, line 27, after the period, insert "Four of the citizen members shall have completed at least master's level programs in natural resource management, education, or the natural sciences."

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

The question was taken on the adoption of the second portion of the amendment. The motion did not prevail. So the second portion of the amendment was not adopted.

S.F. No. 2160 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	Decker	Johnson, D.J.	Mehrkens	Ramstad
Anderson	DeCramer	Knaak	Merriam	Renneke
Beckman	Diessner	Knutson	Metzen	Samuelson
Belanger	Frank	Kroening	Moe, R.D.	Schmitz
Berg	Frederick	Lantry	Morse	Solon
Bernhagen	Frederickson, D.J.	Larson	Novak	Storm
Bertram	Frederickson, D.R.	Luther	Olson	Stumpf
Chmielewski	Freeman	Marty	Piepho	Vickerman
Cohen	Hughes	McGowan	Piper	Waldorf
Davis	Johnson, D.E.	McQuaid	Pogemiller	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2037 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2037: A bill for an act relating to agriculture; changing the definition of farm products; changing provisions related to wholesale produce dealers; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 17.14, subdivision 3; 27.01, subdivisions 2, 5, 8, and by adding a subdivision; 27.03, subdivision 1, and by adding subdivisions; 27.04; 27.041; 27.05; 27.06; and 27.19; proposing coding for new law in Minnesota Statutes, chapter 27.

Mr. Morse moved to amend S.F. No. 2037 as follows:

Page 15, after line 11, insert:

"Sec. 19. [EFFECTIVE DATE.]

*This act is effective July 1, 1990, except section 11, subdivision 2, is effective the day following final enactment and applies to licenses issued or renewed under that subdivision.*"

The motion prevailed. So the amendment was adopted.

Mr. Morse then moved to amend S.F. No. 2037 as follows:

Page 10, after line 25, insert:

“Sec. 15. [27.137] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 16.*

*Subd. 2. [COMMISSIONER.] “Commissioner” means the commissioner of agriculture.*

*Subd. 3. [DUE DATE.] “Due date” has the definition given in section 27.01, subdivision 5.*

*Subd. 4. [PERSON.] “Person” means an individual, partnership, corporation, firm, or association.*

*Subd. 5. [PROCEEDS.] “Proceeds” means whatever is received upon the sale, exchange, collection, or transfer of produce, products of produce, or proceeds from the produce or products of produce.*

*Subd. 6. [PRODUCE.] “Produce” means perishable fruits and vegetables, milk and cream and products manufactured from milk and cream, and poultry and poultry products.*

*Subd. 7. [PRODUCTS OF PRODUCE.] “Products of produce” means products derived from produce through manufacturing, processing, or packaging.*

*Subd. 8. [SELLER.] “Seller” means a farmer or wholesale produce dealer, whether the person is the owner of the produce or produces it for another person who holds title to the produce.*

*Subd. 9. [TRUST ASSETS.] “Trust assets” means produce, products of produce, and proceeds from the produce or products of produce.*

*Subd. 10. [WHOLESALE PRODUCE DEALER.] “Wholesale produce dealer” has the meaning given in section 27.01, subdivision 8, and includes the person whether or not the person is licensed.*

Sec. 16. [27.138] [WHOLESALE PRODUCE DEALERS’ TRUST.]

*Subdivision 1. [TRUST ESTABLISHMENT AND MAINTENANCE.] (a) The produce and products of produce of a wholesale produce dealer and proceeds are held in trust for the benefit of unpaid sellers.*

*(b) The trust assets are to be maintained as a nonsegregated floating trust. Commingling of the trust assets is contemplated.*

*(c) The wholesale produce dealer must maintain the trust assets in a manner that makes the trust assets freely available to satisfy the amounts owed to unpaid sellers and may not divert trust assets in a manner that impairs the ability of unpaid sellers to recover amounts due.*

*(d) A wholesale produce dealer must maintain the trust assets in trust until payment has been made in full to unpaid sellers. Payment is not made if a seller receives a payment instrument that is dishonored.*

*(e) A wholesale produce dealer holds trust assets in trust for the seller except that the wholesale produce dealer may transfer title to trust assets if the proceeds of the transfer are maintained as trust assets. Until a seller is paid, a wholesale produce dealer does not transfer title to trust assets:*

*(1) in a transaction made to another wholesale produce dealer;*

(2) in a transaction intended to impair the ability of unpaid sellers to recover amounts due; or

(3) for which the value is inadequate to satisfy filed beneficiaries notices.

*Subd. 2. [SELLERS' RIGHTS TO TRUST ASSETS.] (a) An unpaid seller may recover trust assets for the net amount unpaid after the due date after allowing deductions of contemplated expenses or advances made in connection with the transaction. An amount is considered unpaid if a seller receives a payment instrument that is dishonored.*

*(b) An unpaid seller may recover trust assets after filing a beneficiaries notice with the wholesale produce dealer to whom the produce was transferred, the commissioner, and the appropriate filing office under section 336.9-401 as if the trust were a security interest in the trust assets by 40 days after the due date for the payment to the seller or 40 days after a payment instrument to the seller for the produce is dishonored, whichever is later.*

*Subd. 3. [BENEFICIARIES NOTICE.] (a) A beneficiaries notice must be in writing and in a form prescribed by the commissioner after consultation with the secretary of state.*

*(b) The beneficiaries notice must contain:*

*(1) the name and address of the seller;*

*(2) the name and address of the wholesale produce dealer maintaining the trust assets;*

*(3) the produce, amount of produce, amount to be paid the seller, and the due date of transactions that are unpaid or, if appropriate, the date a payment instrument was dishonored; and*

*(4) a description of the trust assets.*

*(c) The filing officer shall enter on the beneficiaries notice the time of day and date of filing. The filing officer shall accept filings, amendments, and terminations of a beneficiaries notice and charge the same filing fees as provided in section 336.9-403 for a financing statement. A beneficiaries notice is void and may be removed from the filing system 18 months after the date of filing. The beneficiaries notice may be physically destroyed 30 months after the date of filing.*

*Subd. 4. [PRIORITY OF UNPAID SELLERS' INTERESTS IN TRUST ASSETS.] (a) The unpaid sellers' interest in trust assets is paramount to all other liens, security interests, and encumbrances in the trust assets. An unpaid seller who recovers trust assets recovers them free of any liens, security interests, or encumbrances.*

*(b) If the trust assets are inadequate to pay unpaid sellers the amount due, the unpaid sellers shall share proportionately in the trust assets.*

*Subd. 5. [RECOVERY ACTIONS.] An action to recover trust assets may be brought in district court in a county where trust assets are located after the beneficiaries notice is filed. The beneficiaries notice may be amended, except the amount due, by leave of the court in furtherance of justice. An action to recover trust assets is barred if it is not brought by 18 months after the date the beneficiaries notice is filed.*

*Subd. 6. [TERMINATIONS OF BENEFICIARIES NOTICE.] A seller must terminate a beneficiaries notice by ten days after the amount due for*

*the wholesale produce dealer is paid. The commissioner may terminate a beneficiaries notice upon request and demonstration by the wholesale produce dealer that the amounts due under the beneficiaries notice have been paid.*

**Sec. 17. [27.185] [SEIZURE AND CONFISCATION OF MOTOR VEHICLES.]**

*Subdivision 1. [SEIZURE.] (a) A sheriff on request of the commissioner must seize all motor vehicles in the name of the state that are used to sell or transport produce in violation of this chapter.*

*Subd. 2. [PROCEDURE FOR CONFISCATION OF PROPERTY SEIZED.] The sheriff must hold the seized property, subject to the order of the court having jurisdiction where the offense was committed. The property held is confiscated when the commissioner complies with this section and the person from whom it was seized is convicted of the offense.*

*Subd. 3. [COMPLAINT AGAINST PROPERTY.] The commissioner shall file with the court a separate complaint against the property held. The complaint must identify the property, describe its use in the violation, and specify the time and place of the violation. A copy of the complaint must be served upon the defendant or the owner of the property.*

*Subd. 4. [RELEASE OF PROPERTY AFTER POSTING BOND.] At any time after seizure of the property specified in this section, the property must be returned to the owner or person having the legal right to possession upon execution of a valid bond to the state with a corporate surety. The bond must be approved by a judge of the court of jurisdiction, conditioned to abide by an order and judgment of the court and to pay the full value of the property at the time of seizure. The bond must be for \$100 or for a greater amount not more than twice the value of the property seized.*

*Subd. 5. [COURT ORDER.] (a) If the person arrested is acquitted, the court shall dismiss the complaint against the property and order it returned to the person legally entitled to it.*

*(b) Upon conviction of the person, the court shall issue an order directed to any person that may have any right, title, or interest in, or lien upon, the seized property. The order must describe the property and state that it was seized and that a complaint against it has been filed. The order shall require a person claiming right, title, or interest in, or lien upon, the property to file with the court administrator an answer to the complaint, stating the claim, within ten days after the service of the order. The order shall contain a notice that if the person fails to file an answer within the time limit, the property may be ordered sold by the commissioner.*

*(c) The court order must be served upon any person known or believed to have any right, title, interest, or lien in the same manner as provided for service of a summons in a civil action, and upon unknown persons by publication, in the same manner as provided for publication of a summons in a civil action.*

*Subd. 6. [COURT ORDERED SALE AFTER NO ANSWER.] If an answer is not filed within the time provided in subdivision 5, the court administrator shall notify the court and the court shall order the commissioner to sell the property. The net proceeds of the sale shall be deposited in the state treasury and credited to the game and fish fund.*

*Subd. 7. [HEARING AFTER ANSWER.] If an answer is filed within*

*the time provided in subdivision 5, the court shall schedule a hearing within ten to 30 days after the time expired for filing the answer. The court, without a jury, shall determine whether any of the property was used in a violation specified in the complaint and whether the owner had knowledge or reason to believe that the property was being used, or intended to be used, in the violation. The court shall order the commissioner to sell the property that was unlawfully used with knowledge of the owner and to return to the owner property that was not unlawfully used with the knowledge of the owner. If the property is to be sold, the court shall determine the priority of liens against the property and whether the lienholders had knowledge that the property was being used or was intended to be used. Lienholders that had knowledge of the property's use in the violation are not to be paid. The court order must state the priority of the liens to be paid.*

*Subd. 8. [PROCEEDS OF SALE.] After determining the expense of seizing, keeping, and selling the property, the commissioner must pay the liens from the proceeds according to the court order. The remaining proceeds shall be deposited in the state treasury and credited to the general fund.*

*Subd. 9. [CANCELLATION OF SECURITY INTERESTS.] A sale under this section cancels all liens on and security interests in the property sold."*

Page 13, delete lines 30 to 36

Page 14, delete lines 1 and 2

Pages 14 and 15, delete section 16

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2037 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Adkins	Decker	Knaak	Mehrkens	Ramstad
Anderson	DeCramer	Knutson	Merriam	Renneke
Beckman	Diessner	Kroening	Metzen	Samuelson
Belanger	Frank	Langseth	Moe, D.M.	Schmitz
Benson	Frederick	Lantry	Moe, R.D.	Solon
Berg	Frederickson, D.J.	Larson	Morse	Storm
Bernhagen	Frederickson, D.R.	Lessard	Novak	Stumpf
Bertram	Freeman	Luther	Olson	Vickerman
Chmielewski	Hughes	Marty	Piepho	Waldorf
Cohen	Johnson, D.E.	McGowan	Piper	
Davis	Johnson, D.J.	McQuaid	Pogemiller	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1779 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F. No. 1779: A bill for an act relating to agriculture; providing for mediation and arbitration of certain contract disputes; providing for recapture of capital investments required by certain agricultural contracts; clarifying responsibility of parent companies for affiliates; requiring good faith; prohibiting unfair practices; creating an ombudsman; appropriating money; amending Laws 1989, chapter 350, article 20, section 25; proposing coding for new law in Minnesota Statutes, chapters 17 and 514.

Mr. Davis moved to amend S.F. No. 1779 as follows:

Page 3, line 28, after "19," insert "by all parties"

Page 4, line 7, after "guarantee" insert "from the provider of the inputs"

Page 6, line 11, after "(3)" insert "the date"

Page 6, line 27, after the period, insert "If the lienholder does not remove the lien statement the commissioner shall remove the lien statement upon request of an affected party and providing proof is furnished that the lien has been terminated."

The motion prevailed. So the amendment was adopted.

S.F. No. 1779 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	Johnson, D.J.	McQuaid	Ramstad
Anderson	Decker	Knaak	Mehrkens	Renneke
Beckman	DeCramer	Knutson	Merriam	Samuelson
Belanger	Diessner	Kroening	Metzen	Schmitz
Benson	Frank	Langseth	Moe, D.M.	Solon
Berg	Frederick	Lantry	Moe, R.D.	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Morse	Vickerman
Bertram	Frederickson, D.R.	Lessard	Novak	Waldorf
Brataas	Freeman	Luther	Olson	
Chmielewski	Hughes	Marty	Piepho	
Cohen	Johnson, D.E.	McGowan	Piper	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2490 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F. No. 2490: A bill for an act relating to workers' compensation; including mentally retarded persons and those with related conditions to the list of registrable conditions for the subsequent disability special fund; providing rapid response to injured employees; regulating medical data access; providing for preventative treatment to employees exposed to rabies; regulating notice of insurance coverage and cancellation; amending Minnesota Statutes 1988, sections 176.102, by adding a subdivision; 176.131, subdivision 8; 176.138; 176.185, subdivision 1; 176.231, by adding a subdivision; Minnesota Statutes 1989 Supplement, section 176.135, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 176.

Mr. Chmielewski moved to amend S.F. No. 2490 as follows:

Page 1, after line 23, insert:

"Sec. 2. Minnesota Statutes 1988, 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 this full reimbursement shall not be made for cardiac disease or a condition registered pursuant to subdivision 8, clause ~~(t)~~ (u) or ~~(u)~~ (v), unless the commissioner by rule provides otherwise."

Page 6, line 8, delete "All other" and insert "Nonwritten" and delete "described"

Page 6, line 9, delete "above" and delete "are" and insert "is"

Page 6, line 28, reinstate the stricken "This" and after the stricken "section" insert "clause" and reinstate the stricken "applies only to written medical data"

Page 6, line 29, reinstate the stricken language

Page 7, line 11, after the period, insert "Any person who is the subject of the data which is used in a manner not allowed by this section has a cause of action for actual damages and punitive damages for a minimum of \$5,000."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Chmielewski then moved to amend S.F. No. 2490 as follows:

Pages 7 and 8, delete section 6 and insert:

"Sec. 6. Minnesota Statutes 1988, section 176.185, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF COVERAGE, TERMINATION, CANCELLATION.] (a) Within ten days after the issuance of a policy of insurance covering the liability to pay compensation under this chapter written by an insurer licensed to insure such liability in this state, the insurer shall file notice of coverage with the commissioner under rules and on forms prescribed by the commissioner. No policy shall be canceled by the insurer within the policy period nor terminated upon its expiration date until a notice in writing is delivered or mailed to the insured and filed with the commissioner, fixing the date on which it is proposed to cancel it, or declaring that the insurer does not intend to renew the policy upon the expiration date. A cancellation or termination is not effective until 30 days after written notice has been filed with the commissioner in a manner prescribed by the commissioner unless prior to the expiration of the 30-day period the employer obtains other insurance coverage or an order exempting the employer from carrying insurance as provided in section 176.181. Upon receipt of the notice the commissioner shall notify the insured that the insured must obtain coverage from some other licensed

carrier and that, if unable to do so, the insured shall request the commissioner of commerce to require the issuance of a policy as provided in section 79.251, subdivision 4. Upon a cancellation or termination of a policy by the insurer the employer is entitled to be assigned a policy in accordance with sections 79.251 and 79.252.

(b) Notice of cancellation or termination by the insured shall be served upon the insurer by written statement mailed or delivered to the insurer. Upon receipt of the notice the insurer shall notify the commissioner of the cancellation or termination and the commissioner shall ask the employer for the reasons for the cancellation or termination and notify the employer of the duty under this chapter to insure the employer's employees.

(c) *In addition to the requirements under paragraphs (a) and (b), with respect to any trucker employer in classifications 7219, 7230, 7231, or 7360 pursuant to the classification plan required to be filed under section 79.61, if the insurer or its agent has delivered or mailed a written certificate of insurance certifying that a policy in the name of a trucker employer under this paragraph is in force, then the insurer or its agent shall also deliver or mail written notice of any mid-term cancellation to the trucker employer recipient of the certificate of insurance at the address listed on the certificate. If an insurer or its agent fails to mail or deliver notice of any mid-term cancellation of the trucker employer's policy to the trucker employer recipient of the certificate of insurance, then the special compensation fund shall indemnify and hold harmless the recipient from any award of benefits or other damages under this chapter resulting from the failure to give notice."*

The motion prevailed. So the amendment was adopted.

Mrs. Brataas moved to amend S.F. No. 2490 as follows:

Page 1, delete section 1

Pages 4 and 5, delete section 4

Page 8, delete section 7

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Merriam moved to amend S.F. No. 2490 as follows:

Page 7, line 7, delete everything after "*claim*"

Page 7, delete lines 8 and 9

Page 7, line 10, delete "*the contrary*"

Page 7, line 11, before the period, insert "*and must be destroyed after verification that there has been no duplicative billing*"

The motion prevailed. So the amendment was adopted.

S.F. No. 2490 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	Cohen	Hughes	McGowan	Piper
Anderson	Davis	Johnson, D.E.	McQuaid	Pogemiller
Beckman	Decker	Johnson, D.J.	Mehrkens	Ramstad
Belanger	DeCramer	Knutson	Merriam	Renneke
Benson	Diessner	Kroening	Metzen	Schmitz
Berg	Frank	Lantry	Moe, R.D.	Solon
Bernhagen	Frederick	Larson	Morse	Storm
Bertram	Frederickson, D.J.	Lessard	Novak	Stumpf
Brataas	Frederickson, D.R.	Luther	Olson	Vickerman
Chmielewski	Freeman	Marty	Piepho	Waldorf

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 851 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 851: A bill for an act relating to courts; increasing certain fees collected by the court administrator; amending Minnesota Statutes 1988, sections 171.06, subdivisions 2 and 4; 357.021, subdivision 2; and 525.22.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 37 and nays 11, as follows:

Those who voted in the affirmative were:

Anderson	Frank	Knaak	McQuaid	Schmitz
Beckman	Frederick	Kroening	Merriam	Solon
Brataas	Frederickson, D.J.	Laidig	Metzen	Stumpf
Cohen	Frederickson, D.R.	Lantry	Moe, R.D.	Vickerman
Davis	Freeman	Lessard	Morse	Waldorf
Decker	Hughes	Luther	Novak	
DeCramer	Johnson, D.E.	Marty	Olson	
Diessner	Johnson, D.J.	McGowan	Piper	

Those who voted in the negative were:

Belanger	Bertram	Knutson	Piepho	Renneke
Benson	Chmielewski	Larson	Ramstad	Storm
Bernhagen				

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2126 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2126: A bill for an act relating to health; providing regulations for bulk pesticide storage; amending provisions relating to pesticide registration fees and application fees; requiring permits for sources of irrigation water; requiring a permit for construction of a fertilizer distribution facility; requiring a responsible party to immediately take reasonable action necessary to abate an agricultural chemical incident; requiring certain administrative hearings on contested orders within 14 days; crediting certain agricultural penalties to the pesticide or fertilizer regulatory accounts; amending provisions relating to the agricultural chemical response and reimbursement fee; appropriating money from the general fund to be reimbursed with response and reimbursement fees; amending provisions relating

to response and reimbursement eligibility; providing commissioner of agriculture authority under chapter 115B for agricultural chemical incidents; clarifying requirements for water well construction and ownership; clarifying provisions for at-grade monitoring wells; establishing reduced isolation distances for facilities with safeguards; clarifying conditions to issue a limited well contractor's license; amending effective dates; amending appropriations; amending Minnesota Statutes 1988, sections 18B.14, subdivision 2; 18B.27, subdivision 3; 18B.28, subdivision 4; 105.37, by adding a subdivision; 105.41, subdivision 4, and by adding a subdivision; 115B.02, subdivisions 3, 4, and by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 18B.26, subdivision 3; 18C.205, subdivision 2; 18C.305, subdivision 1; 18D.103, subdivision 1; 18D.321, subdivision 2; 18E.03, subdivisions 3, 5, and by adding a subdivision; 18E.04, subdivision 1; 103B.3369, subdivision 5; 103I.005, subdivisions 2, 8, 9, 16, and by adding a subdivision; 103I.101, subdivisions 2, 5, and 6; 103I.111, subdivision 5, and by adding a subdivision; 103I.205, subdivisions 1, 2, 4, 5, 6, and 8; 103I.208, subdivision 2; 103I.235; 103I.301, subdivision 3; 103I.311, subdivision 3; 103I.325, subdivision 2; 103I.525, subdivisions 1, 5, and 6; 103I.531, subdivision 4; 103I.541, subdivision 1, and by adding subdivisions; 103I.681; 103I.685; 103I.691; 103I.705, subdivisions 2 and 3; 105.41, subdivisions 1c and 5a; Laws 1989, chapters 326, article 3, section 49; article 6, section 33, subdivision 2; article 8, section 10; and 335, article 1, section 23, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 18D and 103I; repealing Minnesota Statutes 1988, section 115B.17, subdivision 8; Minnesota Statutes 1989 Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; and 103I.325, subdivision 1.

Mr. Morse moved to amend S.F. No. 2126 as follows:

Page 21, line 3, after "if" insert "*the closing occurs before November 1, 1990, or*"

Page 21, after line 7, insert:

*"If a deed is given pursuant to a contract for deed, the well certificate required by this subdivision shall be signed by the buyer or a person authorized to act on behalf of the buyer."*

Page 22, line 15, strike "and reasonable attorney fees"

Page 22, line 16, before the comma, insert "*and reasonable attorney fees for collection of costs from the seller*"

Page 31, line 4, after "terminated" insert "*for reasons relating to design life*"

Page 37, after line 11, insert:

"Sec. 67. [RESPONSE TO AGRICULTURAL CHEMICAL INCIDENTS.]

*The commissioner of agriculture may take corrective action under Minnesota Statutes, chapter 18D, or response and remedial action under Minnesota Statutes, chapter 115B, or both, as provided under those chapters, in responding to an agricultural chemical incident, release, or threatened release."*

Page 37, line 22, delete "13" and insert "14"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Morse then moved to amend S.F. No. 2126 as follows:

Page 33, after line 35, insert:

“Sec. 59. Minnesota Statutes 1989 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 water commission on 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.”

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Waldorf moved to amend S.F. No. 2126 as follows:

Page 30, line 35, delete "2010" and insert "1999"

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

S.F. No. 2126 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 4, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Mehrkens	Piper
Anderson	DeCramer	Knutson	Merriam	Ramstad
Beckman	Dicklich	Kroening	Metzen	Schmitz
Belanger	Diessner	Laidig	Moe, D.M.	Solon
Benson	Frank	Langseth	Moe, R.D.	Storm
Bernhagen	Frederick	Lantry	Morse	Stumpf
Bertram	Frederickson, D.J.	Lessard	Novak	Vickerman
Brandl	Frederickson, D.R.	Luther	Olson	Waldorf
Brataas	Hughes	Marty	Pehler	
Chmielewski	Johnson, D.E.	McGowan	Peterson, R.W.	
Cohen	Johnson, D.J.	McQuaid	Piepho	

Messrs. Berg, Decker, Larson and Renneke voted in the negative.

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 576 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 576: A bill for an act relating to human services; providing that medical certification for general assistance benefits may be made by a licensed chiropractor; amending Minnesota Statutes 1988, section 256D.02, 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 49 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	McQuaid	Piper
Anderson	Davis	Johnson, D.J.	Mehrkens	Ramstad
Beckman	Decker	Knaak	Merriam	Renneke
Belanger	DeCramer	Kroening	Metzen	Schmitz
Benson	Diessner	Laidig	Moe, D.M.	Solon
Berg	Frank	Langseth	Morse	Storm
Bernhagen	Frederick	Lantry	Novak	Stumpf
Bertram	Frederickson, D.J.	Lessard	Olson	Vickerman
Brataas	Frederickson, D.R.	Marty	Pehler	Waldorf
Chmielewski	Hughes	McGowan	Piepho	

Messrs. Brandl and Knutson voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2609 a Special Order to be heard

immediately.

### SPECIAL ORDER

S.F. No. 2609: A bill for an act relating to the environment; providing for the management and cleanup of tax-forfeited lands; requiring a report by the pollution control agency; authorizing a levy by Lake county; authorizing a purchase of tax-forfeited land in St. Louis county; amending Minnesota Statutes 1988, sections 115B.02, subdivision 11; 115B.03, by adding a subdivision; 115C.02, subdivision 8; 115C.021, by adding a subdivision; 116.49, by adding a subdivision; and 282.08; proposing coding for new law in Minnesota Statutes, chapter 282.

Mr. Morse moved to amend S.F. No. 2609 as follows:

Page 4, line 1, delete “, its” and insert “*or the commissioner of agriculture, their*”

Page 4, lines 10 and 27, after “agency” insert “*or the commissioner of agriculture*”

Page 5, lines 3, 25, 28, and 34, after “agency” insert “*or the commissioner of agriculture*”

Page 6, lines 1 and 3, after “agency” insert “*or the commissioner of agriculture*”

Page 7, line 9, after “agency” insert “*or the commissioner of agriculture*” in both places

Page 8, after line 1, insert:

“Sec. 9. Minnesota Statutes 1988, section 514.671, subdivision 2, is amended to read:

Subd. 2. [AGENCY.] “Agency” means the pollution control agency *and the commissioner of agriculture*.

Sec. 10. Minnesota Statutes 1988, section 514.671, subdivision 5, is amended to read:

Subd. 5. [COMMISSIONER.] “Commissioner” means the commissioner of the pollution control agency *and the commissioner of agriculture*.”

Page 8, line 15, after “agency” insert “*and the commissioner of agriculture*”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Johnson, D.J. moved to amend S.F. No. 2609 as follows:

Page 9, after line 7, insert:

“Sec. 12. [ST. LOUIS COUNTY; LEASE OF RESTRICTED LAND.]

*Notwithstanding Minnesota Statutes, section 84.027, subdivision 10, or other law to the contrary, the city of Cook may lease the St. Louis county highway garage No. 4106 and the surrounding premises as described in this section for economic development purposes.*

*The property that may be leased for economic development purposes is*

described as:

*Lots 24 through 32, Block 12, Plat of Ashawa, City of Cook."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2609 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 15, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.J.	Mehrrens	Schmitz
Anderson	Davis	Knaak	Metzen	Solon
Beckman	DeCramer	Kroening	Moe, D.M.	Storm
Belanger	Diessner	Laidig	Moe, R.D.	Stumpf
Bernhagen	Frank	Langseth	Morse	Vickerman
Bertram	Frederickson, D.J.	Lantry	Novak	
Brataas	Frederickson, D.R.	Lessard	Pehler	
Chmielewski	Hughes	Luther	Piper	
Cohen	Johnson, D.E.	Marty	Renneke	

Those who voted in the negative were:

Benson	Decker	Larson	Merriam	Piepho
Berg	Frederick	McGowan	Olson	Ramstad
Brandl	Knutson	McQuaid	Peterson, R.W.	Waldorf

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1473 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1473: A bill for an act relating to the environment; requiring a report to the legislature on carbon dioxide emissions; appropriating money.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.J.	McQuaid	Piper
Anderson	Davis	Knaak	Mehrrens	Pogemiller
Beckman	Decker	Knutson	Merriam	Ramstad
Belanger	DeCramer	Kroening	Metzen	Renneke
Benson	Dicklich	Laidig	Moe, D.M.	Schmitz
Berg	Diessner	Langseth	Moe, R.D.	Solon
Bernhagen	Frank	Lantry	Morse	Storm
Bertram	Frederick	Larson	Novak	Stumpf
Brandl	Frederickson, D.J.	Lessard	Olson	Vickerman
Brataas	Frederickson, D.R.	Luther	Pehler	Waldorf
Chmielewski	Hughes	Marty	Peterson, R.W.	
Cohen	Johnson, D.E.	McGowan	Piepho	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules

and Administration, designated S.F. No. 2223 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F. No. 2223: A bill for an act relating to local government; reauthorizing Ramsey county and the city of St. Paul to issue general obligation bonds to finance the restoration of the concourse of the St. Paul union depot; repealing Minnesota Statutes 1988, section 383A.65, as amended.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knutson	Merriam	Ramstad
Anderson	Davis	Kroening	Metzen	Renneke
Beckman	Decker	Laidig	Moe, D.M.	Schmitz
Belanger	Dicklich	Langseth	Moe, R.D.	Solon
Benson	Diessner	Lantry	Morse	Storm
Berg	Frank	Larson	Novak	Stumpf
Bernhagen	Frederick	Lessard	Olson	Vickerman
Bertram	Frederickson, D.R.	Luther	Pehler	Waldorf
Brandl	Hughes	Marty	Peterson, R.W.	
Brataas	Johnson, D.E.	McGowan	Piepho	
Chmielewski	Johnson, D.J.	McQuaid	Piper	
Cohen	Knaak	Mehrrens	Pogemiller	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 173 a Special Order to be heard immediately.

**SPECIAL ORDER**

H.F. No. 173: A bill for an act relating to agriculture; providing customer information when artificial cheese is used in certain foods; proposing coding for new law in Minnesota Statutes, chapter 31.

Mr. Vickerman moved to amend H.F. No. 173, as amended pursuant to Rule 49, adopted by the Senate April 5, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 2468.)

Page 1, line 9, delete "ARTIFICIAL" and delete "PRODUCTS" and insert "PRODUCT SUBSTITUTES"

Page 1, line 18, delete "ARTIFICIAL" and delete "PRODUCTS" and insert "PRODUCT SUBSTITUTES"

Page 1, line 26, delete "used principally for cosmetic purposes"

Amend the title as follows:

Page 1, lines 3 and 5, delete "artificial" and delete "products" and insert "product substitutes"

The motion prevailed. So the amendment was adopted.

H.F. No. 173 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 27 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Hughes	Metzen	Solon
Beckman	Decker	Johnson, D.J.	Moe, R.D.	Stumpf
Bertram	DeCramer	Langseth	Morse	Vickerman
Chmielewski	Dicklich	Larson	Piper	
Cohen	Diessner	Lessard	Pogemiller	
Dahl	Frederickson, D.J.	Luther	Schmitz	

Those who voted in the negative were:

Anderson	Brataas	Knutson	McQuaid	Renneke
Belanger	Frank	Kroening	Mehrkens	Storm
Benson	Frederick	Laidig	Merriam	Waldorf
Berg	Frederickson, D.R.	Lantry	Olson	
Bernhagen	Johnson, D.E.	Marty	Piepho	
Brandl	Knaak	McGowan	Ramstad	

So the bill, as amended, failed to pass.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1854 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 1854: A bill for an act relating to real estate; validating certain cancellation of contracts; validating certain conveyances by religious corporations; allowing county boards to set certain fees charged by the examiner of titles; providing for the effect of dissolution on joint tenancy; permitting the filing of summaries of dissolution judgments in real estate filings; clarifying provisions on certain liens by reordering clauses; amending Minnesota Statutes 1988, sections 287.01, by adding a subdivision; 500.19, subdivision 5; and 514.12, subdivision 3; Minnesota Statutes Second 1989 Supplement, section 508A.82; proposing coding for new law in Minnesota Statutes, chapters 315, 518, and 559; repealing Minnesota Statutes 1988, section 580.031.

Mr. Peterson, R.W. moved that the amendment made to H.F. No. 1854 by the Committee on Rules and Administration in the report adopted April 9, 1990, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

Mr. Luther moved to amend H.F. No. 1854 as follows:

Page 7, after line 8, insert:

"Sec. 9. Laws 1989, chapter 344, section 13, subdivision 1, is amended to read:

Subdivision 1. [INCREASE IN LIMITS.] The conciliation court jurisdictional limits provided in sections 1, 2, 5, 6, 9, and 10, *other than the \$2,000 limit for actions involving consumer credit transactions*, shall increase to \$4,000 on July 1, 1990."

Page 7, line 17, delete "*Section 9 is*" and insert "*Sections 9 and 10 are*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly



The motion prevailed. So the amendment was adopted.

H.F. No. 1854 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.J.	McQuaid	Ramstad
Anderson	Davis	Knaak	Mehrkens	Renneke
Beckman	Decker	Knutson	Merriam	Schmitz
Belanger	DeCramer	Kroening	Metzen	Solon
Benson	Dicklich	Laidig	Moe, R.D.	Storm
Berg	Diessner	Langseth	Morse	Stumpf
Bernhagen	Frank	Lantry	Novak	Vickerman
Bertram	Frederick	Larson	Olson	Waldorf
Brandl	Frederickson, D.J.	Lessard	Peterson, R.W.	
Brataas	Frederickson, D.R.	Luther	Piepho	
Chmielewski	Hughes	Marty	Piper	
Cohen	Johnson, D.E.	McGowan	Pogemiller	

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

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. 2173: A bill for an act relating to the environment; providing assistance to eligible recipients on methods to prevent toxic pollution; providing financial assistance to research and demonstrate alternative means to prevent toxic pollution; requiring facilities to develop plans to prevent toxic pollution; providing for chlorofluorocarbon reduction; requiring an air pollution study; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 116 and 325E; proposing coding for new law as Minnesota Statutes, chapter 115D.

Senate File No. 2173 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

Mr. Lessard moved that the Senate do not concur in the amendments by the House to S.F. No. 2173, 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. 1983: A bill for an act relating to liquor; authorizing the metropolitan airports commission to issue off-sale liquor licenses for the sale of Minnesota wine; amending Minnesota Statutes 1988, section 340A.405, by adding a subdivision.

Senate File No. 1983 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

Mr. Bertram moved that the Senate do not concur in the amendments by the House to S.F. No. 1983, 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. 1807: A bill for an act relating to local government; permitting the issuance of obligations by the Hennepin county board for a public safety building; permitting Rosemount to incur debt for an armory; requiring a planning process and public hearing.

Senate File No. 1807 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

Mr. Moe, R.D. moved that S.F. No. 1807 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. 1854: A bill for an act relating to government data practices; establishing procedures for computerized comparisons of data; requiring matching agreements; providing for contesting of data; requiring reviews and reports; imposing penalties; proposing coding for new law as Minnesota Statutes, chapter 13B.

Senate File No. 1854 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

Mr. Peterson, R.W. moved that the Senate do not concur in the amendments by the House to S.F. No. 1854, 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. 2156: A bill for an act relating to local government; allowing municipalities to enter into certain contracts to reduce energy and operating costs; amending Minnesota Statutes 1988, section 471.345, by adding a subdivision; repealing Minnesota Statutes 1988, section 471.345, subdivision 9.

Senate File No. 2156 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

Mr. Pehler moved that the Senate do not concur in the amendments by the House to S.F. No. 2156, 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 House File No. 2131, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2131 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1990

#### **CONFERENCE COMMITTEE REPORT ON H.F. NO. 2131**

A bill for an act relating to crimes; prohibiting wild land arson fires; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

April 9, 1990

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. 2131, 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. 2131 be further amended as follows (page and line references are to S.F. No. 2175, the second engrossment):

Page 1, line 21, delete "*felony*" and insert "*gross misdemeanor*"

Page 2, line 4, delete "*three years*" and insert "*one year*"

Page 2, line 5, delete "\$5,000" and insert "\$3,000"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Bob Johnson, Randy C. Kelly, Dave Bishop, Dennis Ozment, Tom Rukavina

Senate Conferees: (Signed) Gregory L. Dahl, Gene Merriam, Fritz Knaak, Randolph W. Peterson, Bob Lessard

Mr. Dahl moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2131 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. 2131 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	Dahl	Johnson, D.J.	McGowan	Piepho
Anderson	Davis	Knaak	McQuaid	Piper
Beckman	Decker	Knutson	Mehrkens	Pogemiller
Belanger	DeCramer	Kroening	Merriam	Ramstad
Berg	Diessner	Laidig	Metzen	Renneke
Bernhagen	Frank	Langseth	Moe, R.D.	Schmitz
Bertram	Frederick	Lantry	Morse	Solon
Brandl	Frederickson, D.J.	Larson	Novak	Storm
Brataas	Frederickson, D.R.	Lessard	Olson	Stumpf
Chmielewski	Hughes	Luther	Pehler	Vickerman
Cohen	Johnson, D.E.	Marty	Peterson, R.W.	Waldorf

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. 2025, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2025 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1990

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2025**

A bill for an act relating to agriculture; creating a restricted seed potato growing area and historic certified seed potato area; providing restrictions; requiring a study; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 21.

April 6, 1990

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. 2025, 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) Jim Tunheim, Jerry J. Bauerly, Bernard L. Lieder

Senate Conferees: (Signed) LeRoy A. Stumpf, Keith Langseth

Mr. Stumpf moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2025 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. 2025 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 10, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	Metzen	Schmitz
Anderson	Dahl	Johnson, D.J.	Moe, R.D.	Solon
Beckman	Davis	Kroening	Morse	Storm
Belanger	Decker	Laidig	Novak	Stumpf
Berg	DeCramer	Langseth	Pehler	Vickerman
Bernhagen	Diessner	Lessard	Peterson, R.W.	Waldorf
Bertram	Frank	Luther	Piper	
Brandl	Frederickson, D.J.	Marty	Pogemiller	
Brataas	Frederickson, D.R.	McGowan	Ramstad	
Chmielewski	Hughes	Merriam	Renneke	

Those who voted in the negative were:

Benson	Knaak	Lantry	McQuaid	Olson
Frederick	Knutson	Larson	Mehrkens	Piepho

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.

2480, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2480 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2480

A bill for an act relating to taxation; making technical corrections and administrative changes to property, sales and use, motor vehicle excise, income, franchise, insurance, petroleum products, pull-tab and tipboard taxes, firefighter state aids, and property tax refunds; making technical corrections and administrative changes to certain aids to local government; including lottery prizes as refunds in the revenue recapture act; providing for posting of certain tax delinquencies; requiring a social security number on certain probate applications; imposing a tax on untaxed pull-tabs and tipboards; recodifying license inquiry provisions; providing for payment and settlement of state elections campaign funds to political party state committees; transferring certain powers and duties; recodifying and providing for tax administrative, enforcement, and collection procedures; imposing penalties; amending Minnesota Statutes 1988, sections 60A.198, by adding a subdivision; 69.771, subdivision 3; 69.772, subdivision 2a; 69.774, subdivision 1; 116K.04, subdivision 4; 270.65; 270.67, subdivisions 1 and 2; 270.68, subdivisions 1 and 3; 270.69, subdivisions 2, 3, 7, 8, and by adding a subdivision; 270.70, subdivision 1; 270A.03, subdivision 7; 274.01, subdivision 1; 275.54; 287.21, subdivision 2; 290.05, subdivision 4; 290.17, subdivision 5; 290.39, subdivision 5; 290.49, subdivision 3; 290.92, subdivisions 6a, 12, 23, and 24; 290.93, subdivision 1; 290A.03, subdivision 3; 290A.04, subdivision 1; 290A.07, subdivision 3; 290A.19; 296.06, subdivision 2; 296.18, subdivisions 2 and 3; 296.25; 297A.01, subdivision 8; 297A.03, subdivision 2; 297A.041; 297A.14, subdivision 1; 297A.18; 297A.211, subdivision 3; 297A.25, subdivision 31; 297A.255, by adding a subdivision; 297B.035, subdivision 1; 299E21, subdivision 1; 349.212, by adding a subdivision; 477A.011, by adding a subdivision; 524.3-1001; 524.3-301; Minnesota Statutes 1989 Supplement, sections 38.18; 50.14, subdivision 4; 69.021, subdivision 6; 110.70; 118.12; 163.04, subdivision 3; 163.06, subdivision 6; 165.10, subdivision 1; 168.013, subdivision 5; 168A.10, subdivision 1; 270.06; 270.73, subdivision 1; 270B.07, by adding a subdivision; 272.16; 273.01; 273.11, subdivision 1; 290.39, subdivision 4; 290.92, subdivision 4c; 290.9201, subdivisions 7 and 8; 290.9705, subdivision 4; 297A.17; 365.025, subdivision 4; 368.01, subdivision 23; 368.44; 368.47; 370.01; 383.06; 385.31; 386.34; 412.081, subdivision 1; 412.221, subdivision 2; 430.102, subdivision 2; 465.04; 469.177, subdivision 1a; 471.24; 471.73; 475.58, subdivision 2; 475.73, subdivision 1; 477A.011, subdivision 15; 505.173, subdivision 1; Minnesota Statutes Second 1989 Supplement, sections 10A.31, subdivision 5; 60A.15, subdivision 1; 273.13, subdivision 25; 273.1391, subdivision 2; 273.1398, subdivision 1, 2, 5a, and 6; 274.14; 274.175; 275.07, subdivision 3; 275.50, subdivision 5; 275.51, subdivisions 3f, 3h, and 6; 287.29, subdivision 1; 290.17, subdivision 2; 290A.04, subdivisions 2h and 2i; 290A.07, subdivision 2a; 349.212, subdivision 4; 373.40, subdivision 1; 473F08, subdivision 8a; 477A.012, subdivision 3; 477A.013, subdivision

3; Laws 1989, chapter 28, section 24; and Laws 1989, First Special Session chapter 1, articles 3, section 35; and 9, section 86; proposing coding for new law in Minnesota Statutes, chapters 270 and 289A; repealing Minnesota Statutes 1988, sections 270.08; 270.10, subdivision 4; 270.651; 272.70; 290.05, subdivision 5; 290.067, subdivision 5; 290.23, subdivision 15; 290.281, subdivision 5; 290.29; 290.37, as amended; 290.39, as amended; 290.391; 290.40; 290.41; 290.42; 290.43; 290.44; 290.45; 290.46; 290.47; 290.49; 290.50, as amended; 290.52; 290.521; 290.522; 290.523, as amended; 290.53, subdivisions 1, 1a, 2, 2a, 3, 3a, 4, 5, 7, 8, 9, 10, and 11; 290.54; 290.56; 290.57; 290.58; 290.59; 290.611, subdivision 5; 290.612; 290.65; 290.92, subdivisions 6, 7, 8, 11, 13, 14, 15, and 18; 290.9201, subdivisions 4, 5, 9, and 10; 290.923, subdivision 7; 290.93; 290.931; 290.932; 290.933; 290.934, as amended; 290.935; 290.936; 290.9705, subdivision 2; 290.974; 290A.06; 290A.11, subdivisions 1, 2, 3, and 4; 290A.111; 290A.112, as amended; 290A.12; 291.09; 291.11; 291.131; 291.14; 291.15, subdivisions 1 and 3; 291.215, subdivisions 2 and 3; 291.31, subdivisions 1 and 2; 291.32; 296.027; 296.16, subdivision 3; 296.17, subdivision 13; 296.18, subdivisions 3a and 7; 296.24; 297A.08; 297A.121; 297A.15, subdivision 3; 297A.26, subdivisions 1 and 4; 297A.27; 297A.275; 297A.29; 297A.30; 297A.31; 297A.32; 297A.33, subdivisions 1, 3, 4, and 5; 297A.34; 297A.35; 297A.37; 297A.39, subdivisions 1, 2, 2a, 3, 4, 5, 7, and 8; 297A.40; 297A.41, 297A.42; 297A.431; 297A.44, subdivision 2; Minnesota Statutes 1989 Supplement, sections 290A.11, subdivision 1a; and 297A.20; Minnesota Statutes Second 1989 Supplement, sections 270.77 and 290.38; Minnesota Rules, parts 8052.0100; 8052.0200; and 8130.7800.

April 7, 1990

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. 2480, 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. 2480 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

PROCEDURES

Section 1. [289A.01] [APPLICATION OF CHAPTER.]

*This chapter applies to taxes administered by or paid to the commissioner under chapters 290, 290A, 291, and 297A.*

Sec. 2. [289A.02] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] Unless the context clearly requires otherwise, the following terms used in this chapter have the following meanings.*

*Subd. 2. [COMMISSIONER.] “Commissioner” means the commissioner of revenue of the state of Minnesota or a person to whom the commissioner has delegated functions.*

*Subd. 3. [TAXPAYER.] "Taxpayer" means a person subject to, or liable for, a state tax; a person required to file a return with respect to, or to pay, or withhold or collect and remit, a state tax; or a person required to obtain a license or a permit or to keep records under a law imposing a state tax.*

*Subd. 4. [PERSON.] "Person" means an individual, partnership, corporation, association, governmental unit or agency, or public or private organization of any kind, under a duty to comply with state tax laws because of its character or position.*

*Subd. 5. [OTHER WORDS.] Unless specifically defined in this chapter, or unless the context clearly indicates otherwise, the words used in this chapter have the same meanings as they are defined in chapters 290, 290A, 291, and 297A.*

**Sec. 3. [289A.021] [FILING REQUIREMENTS FOR INDIVIDUAL INCOME, FIDUCIARY INCOME, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES.]**

*Subdivision 1. [GENERALLY; INDIVIDUALS.] (a) A taxpayer must 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, 1989, 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 as determined 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.*

*(b) The decedent's final income tax return, and 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, must be filed by the decedent's personal representative, if any. If there is no personal representative, the return or returns must be filed by the transferees, as defined in section 289A.06, subdivision 13, who receive property of the decedent.*

*(c) The term "gross income," as it is used in this section, has the same meaning given it in section 290.01, subdivision 20.*

*Subd. 2. [RETURNS FILED BY FIDUCIARIES.] (a) The trustee or other fiduciary of property held in trust must file a return with respect to the taxable net income of the trust or estate if it exceeds an amount determined by the commissioner and if the trust belongs to the class of taxable persons.*

*(b) The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer must file a return with respect to the taxable net income of the taxpayer if a return is required.*

*Subd. 3. [CORPORATIONS.] A corporation that is subject to the state's jurisdiction to tax under section 290.014, subdivision 5, must file a return, except that a foreign operating corporation as defined in section 290.01, subdivision 6b, is not required to file a return. The return must be signed by a person designated by the corporation. The commissioner shall 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. 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 change or rescind the election by filing the form required by the commissioner.*

**Subd. 4. [EXEMPT ORGANIZATIONS; UNRELATED BUSINESS INCOME.]** *An exempt organization that is subject to tax on unrelated business income under section 290.05, subdivision 3, must file a return for each taxable year in which the organization is required to file a return under section 6012 of the Internal Revenue Code of 1986, as amended through December 31, 1989, because of the receipt of unrelated business income. If an organization is required to file a return under federal law but has no federal tax liability for the taxable year, the commissioner may provide that the filing requirement under this paragraph is satisfied by filing a copy of the taxpayer's federal return.*

**Subd. 5. [ANNUAL RETURN; EXCEPTIONS.]** *A return under this section must cover a 12-month period, except in the following cases:*

*(1) A return made by or for a taxpayer in existence for less than the whole of a taxable year must cover the part of the taxable year the taxpayer was in existence;*

*(2) A taxpayer who, in keeping books, regularly computes income on the basis of an annual period that varies from 52 to 53 weeks and ends always on the same day of the week, and ends always (i) on the date that day of the week last occurs in a calendar month or (ii) on the date that day of the week falls that is nearest to the last day of a calendar month, may compute the taxpayer's net income and taxable net income on the basis of that annual period in accordance with rules prescribed by the commissioner. If the effective date or the applicability of a provision of this chapter or chapter 290 is expressed in terms of taxable years beginning or ending with reference to a named date that is the first or last day of a month, a taxable year must be treated as beginning with the first day of the calendar month beginning nearest to the first day of that taxable year, or as ending with the last day of the calendar month ending nearest to the last day of that taxable year, as the case may be;*

*(3) A taxpayer who changes from one taxable year to another must make a return for the fractional parts of the year, under section 290.32.*

**Subd. 6. [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 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 return must be changed if they change their election for federal purposes. In the event taxpayers desire to change their election, the change must be done in the manner and on the form prescribed by the commissioner.*

*The determination of whether an individual is married shall be made under the provisions of section 7703 of the Internal Revenue Code of 1986, as amended through December 31, 1989.*

**Subd. 7. [COMPOSITE INCOME TAX RETURNS FOR NONRESIDENT PARTNERS, SHAREHOLDERS, AND BENEFICIARIES.]** *(a) The commissioner may allow a partnership with five or more nonresident partners to file a composite return and to pay the tax 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 the nonresident partners electing to be*

covered by the composite return.

(b) The computation of a partner's tax liability must 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 returns. 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 tax paid for the 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 is a return for purposes of subdivision 1.

(e) This subdivision does not negate the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 289A.026. A composite estimate may, however, be filed in a manner similar to and containing the 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 this subdivision, 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 paragraph. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to the shareholder.

(i) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this paragraph. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

*Subd. 8. [RETURNS OF ENTERTAINMENT ENTITIES.] An entertainment entity subject to the tax imposed by section 290.9201 shall file an annual return for the calendar year with the commissioner.*

*Subd. 9. [VERIFICATION.] If a return is prepared for a taxpayer by an individual (or individuals) or a firm (including partnerships, corporations, etc.), the individual or firm responsible for the preparation must complete the statement of verification provided on the tax return forms in the following manner:*

*(1) If the individual (or individuals) responsible for the preparation of the return is an individual acting in a personal capacity, the statement of verification must be signed by the individual.*

*(2) If a firm is responsible for the preparation of the return, the statement of verification must be signed with the firm name. However, if the firm name is stamped or typed, it should be followed by the signature of an individual authorized to sign the verification on behalf of the firm. The firm may authorize an officer, member, or employee to sign the verification.*

*Verification is not required if the actual preparation of the return is a regular and usual incident of the employment of one regularly and continuously employed full time by the person for whom the return is made (such as a clerk, secretary, bookkeeper, etc.).*

*Subd. 10. [FILING OF PROPER RETURN.] The return must specifically set forth the items of gross income, deductions, credits against the tax, and any other data necessary for computing the amount of any item required for determining the amount of the net income tax liability. The return must be in the form the commissioner prescribes. The filing of a return required under this section is considered an assessment.*

*Subd. 11. [INFORMATION INCLUDED IN INCOME TAX RETURN.] The return must state the name of the taxpayer, or taxpayers, if the return is a joint return, and the address of the taxpayer in the same name or names and same address as the taxpayer has used in making the taxpayer's income tax return to the United States, and must state the social security number of the taxpayer, or taxpayers, if a social security number has been issued by the United States with respect to the taxpayers, and must state the amount of the taxable income of the taxpayer as it appears on the federal return for the taxable year to which the Minnesota state return applies. The taxpayer must attach to the taxpayer's Minnesota state income tax return a copy of the federal income tax return that the taxpayer has filed or is about to file for the period.*

*Subd. 12. [CONFESSION OF JUDGMENT.] The return must contain (1) a written declaration that it is correct and complete, and (2) language prescribed by the commissioner providing a confession of judgment for the amount of the tax shown due to the extent not timely paid.*

*Subd. 13. [LONG AND SHORT FORMS.] The commissioner shall provide a long form individual income tax return and may provide a short form individual income tax return. The returns shall be in a form that is consistent with the provisions of chapter 290, notwithstanding any other law to the contrary. The nongame wildlife checkoff provided in section 290.431 and the dependent care credit provided in section 290.067 must be included on the short form.*

*Subd. 14. [VOTER REGISTRATION FORM.] The commissioner shall insert securely in the individual income tax return form or instruction booklet a voter registration form, returnable to the secretary of state. The form shall be designed according to rules adopted by the secretary of state.*

**Sec. 4. [289A.0212] [FILING REQUIREMENTS FOR TAXES WITHHELD FROM WAGES FROM COMPENSATION OF ENTERTAINERS AND FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS; AND TAXES WITHHELD BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.]**

*Subdivision 1. [RETURNS.] (a) An employer who is required to deduct and withhold tax under section 290.92, subdivision 2a or 3, and a person required to deduct and withhold tax under section 290.923, subdivision 2, must file a return with the commissioner for each quarterly period unless otherwise prescribed by the commissioner.*

*(b) A person or corporation required to make deposits under section 290.9201, subdivision 8, must file an entertainer withholding tax return with the commissioner.*

*(c) A person required to withhold an amount under section 290.9705, subdivision 1, must file a return.*

*(d) A partnership required to deduct and withhold tax under section 290.92, subdivision 4b, must file a return.*

*(e) An S corporation required to deduct and withhold tax under section 290.92, subdivision 4c, must also file a return.*

*(f) Returns must be filed in the form and contain the information prescribed by the commissioner. Every return must contain a written declaration that it is correct and complete, and a confession of judgment for the amount of tax shown due, to the extent not timely paid.*

*Subd. 2. [WITHHOLDING STATEMENT TO EMPLOYEE OR PAYEE AND TO COMMISSIONER.] (a) A person required to deduct and withhold from an employee a tax under section 290.92, subdivision 2a or 3, or section 290.923, subdivision 2, or who would have been required to deduct and withhold a tax under section 290.92, subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined without regard to section 290.92, 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 section 290.92, 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 under section 290.92, subdivision 20, must give every employee or person receiving royalty payments in respect to the remuneration paid by the person to the 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 the 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:*

*(1) name of the person;*

*(2) the name of the employee or payee and the employee's or payee's social security account number;*

*(3) the total amount of wages as that term is defined in section 290.92, subdivision 1(1); the total amount of remuneration subject to withholding under section 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal Revenue Code of 1986, as amended through December 31, 1989; and the amount of royalties subject to withholding under section 290.923, subdivision 2; and*

*(4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2.*

*(b) The statement required to be furnished by this paragraph with respect*

to any remuneration must be furnished at those times, must contain the information required, and must be in the form the commissioner prescribes.

(c) The commissioner may prescribe rules providing for reasonable extensions of time, not in excess of 30 days, to employers or payers required to give the statements to their employees or payees under this subdivision.

(d) A duplicate of any statement made under this subdivision and in accordance with rules prescribed by the commissioner, along with a reconciliation in the form the commissioner prescribes of the statements for the calendar year, including a reconciliation of the quarterly returns required to be filed under subdivision 1, must be filed with the commissioner on or before February 28 of the year after the payments were made.

(e) The employer must submit the statements required to be sent to the commissioner on magnetic media, if the magnetic media was required to satisfy the federal reporting requirements of section 6011(e) of the Internal Revenue Code of 1986, as amended through December 31, 1989, and the regulations issued under it.

**Sec. 5. [289A.0214] [FILING REQUIREMENTS FOR ESTATE TAX RETURNS.]**

*Subdivision 1. [RETURN REQUIRED.] In the case of a decedent who has an interest in property with a situs in Minnesota, the personal representative must submit a Minnesota estate tax return to the commissioner, on a form prescribed by the commissioner, in instances in which a federal estate tax return is required to be filed.*

*The return must be accompanied by a federal estate tax return, a schedule of the assets in the estate at their date of death values, and must contain a computation of the Minnesota estate tax due. The return must be signed by the personal representative.*

*Subd. 2. [DOCUMENTS REQUIRED.] The commissioner may designate on the return the documents that are required to be filed together with the return to determine the computation of tax.*

*Subd. 3. [DEFINITIONS.] For purposes of this section, the definitions contained in section 291.005 apply.*

**Sec. 6. [289A.0216] [FILING REQUIREMENTS FOR SALES AND USE TAX RETURNS.]**

*Subdivision 1. [RETURN REQUIRED.] Except as provided in section 289A.023, subdivision 4, for the month in which taxes imposed by sections 297A.01 to 297A.44 are payable, or for which a return is due, a return for the preceding reporting period must be filed with the commissioner in the form the commissioner prescribes. The return must be verified by a written declaration that it is made under the criminal penalties for making a false return, and in addition must contain a confession of judgment for the amount of the tax shown due to the extent not timely paid. A person making sales at retail at two or more places of business may file a consolidated return subject to rules prescribed by the commissioner.*

*Subd. 2. [LIQUOR SALES.] A person required to collect the tax imposed by section 297A.02, subdivision 3, on sales of intoxicating liquor and nonintoxicating malt liquor, shall report the total sales tax liability, including the sales tax on items other than intoxicating liquor and nonintoxicating malt liquor, on a distinct sales tax return prescribed by the commissioner.*

*Subd. 3. [WHO MUST FILE RETURN.] For purposes of the sales tax, a return must be filed by a retailer who is required to hold a permit. For the purposes of the use tax, a return must be filed by a retailer required to collect the tax and by a person buying any items, the storage, use or other consumption of which is subject to the use tax, who has not paid the use tax to a retailer required to collect the tax. The returns must be signed by the person filing the return or by the person's agent duly authorized in writing.*

**Sec. 7. [289A.0218] [FILING REQUIREMENTS FOR INFORMATION RETURNS AND REPORTS.]**

*Subdivision 1. [REPORTS BY EXEMPT CORPORATIONS, ORGANIZATIONS, ESTATES, AND TRUSTS.] Corporations, estates, trusts, and organizations exempt from state income and franchise taxes under section 290.05, subdivision 2, must file with the commissioner of revenue an initial report that furnishes the information required under section 290.05, subdivision 4, paragraph (a), and later annual reports as required by section 290.05, subdivision 4.*

*Subd. 2. [RETURNS REQUIRED OF BANKS; COMMON TRUST FUNDS.] A bank maintaining a common trust fund must make a return for a taxable year, stating specifically with respect to the fund, the items of gross income and deductions provided by section 290.281, subdivision 1. The return must include the names and addresses of the participants entitled to share the net income if distributed and the amount of the proportionate share of each participant.*

*Subd. 3. [RETURNS OR REPORTS BY PARTNERSHIPS, FIDUCIARIES, AND S CORPORATIONS.] (a) Partnerships must make a return for each taxable year. The return must conform to the requirements of section 290.31, and must include the names and addresses of the partners entitled to a distributive share in their taxable net income, gain, loss, or credit, and the amount of the distributive share to which each is entitled. The return must contain a written declaration that it is correct and complete. A partnership required to file a return for a partnership taxable year must furnish a copy of the information required to be shown on the return to a person who is a partner at any time during the taxable year, on or before the day on which the return for the taxable year was filed.*

*(b) The fiduciary of an estate or trust making the return required to be filed under section 289A.021, subdivision 2, for a taxable year must give a beneficiary who receives a distribution from the estate or trust with respect to the taxable year or to whom any item with respect to the taxable year is allocated, a statement containing the information required to be shown on the return, on or before the date on which the return was filed.*

*(c) An S corporation must make a return for a taxable year during which an election under section 290.9725 is in effect, stating specifically the names and addresses of the persons owning stock in the corporation at any time during the taxable year, the number of shares of stock owned by a shareholder at all times during the taxable year, the shareholder's pro rata share of each item of the corporation for the taxable year, and other information the commissioner requires. An S corporation required to file a return under this paragraph for any taxable year must furnish a copy of the information shown on the return to the person who is a shareholder at any time during the taxable year, on or before the day on which the return for the taxable year was filed.*

**Subd. 4. [RETURNS 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, 1989, a person, corporation, or cooperative, the state of Minnesota and its political subdivisions, and a 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 289A.0212, subdivision 2, 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, (1) must 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 the return is filed only with the commissioner of internal revenue under the applicable filing and informational reporting requirements of the Internal Revenue Code of 1986, as amended through December 31, 1989) with respect to the payments in excess of the amounts named, giving the names and addresses of the persons to whom the payments were made, the amounts paid to each, and (2) must make a return with respect to the total number of payments and total amount of payments, for each category of income named, which were in excess of the amounts named. This subdivision does 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 must file the returns on magnetic media if magnetic media was used to satisfy the federal reporting requirement under section 6011(e) of the Internal Revenue Code of 1986, as amended through December 31, 1989, unless the person establishes to the satisfaction of the commissioner that compliance with this requirement would be an undue hardship.*

**Subd. 5. [RETURNS BY BROKERS.]** *The commissioner may, within 30 days after notice and demand, require a person doing business as a broker to give the commissioner the names and addresses of customers for whom they have transacted business, and the details regarding gross proceeds and other information concerning the transactions as will enable the commissioner to determine whether the income tax due on profits or gains of those customers has been paid. The provisions of section 6045 of the Internal Revenue Code of 1986, as amended through December 31, 1989, which define terms and require that a statement be furnished to the customer apply.*

**Subd. 6. [RETURNS BY AGENTS.]** *The commissioner may, within 30 days after notice and demand, require a person acting as agent for another to make a return furnishing the information reasonably necessary to properly assess and collect the tax imposed by chapter 290 upon the person for whom the agent acts.*

**Subd. 7. [RETURNS FOR REAL PROPERTY HOLDINGS OF ALIENS.]** *A person or corporation required to make a return under section 6039C (relating to information return on a foreign person holding a United States real property interest) of the Internal Revenue Code of 1986, as amended*

through December 31, 1989, must make a similar return for the commissioner for foreign persons holding a Minnesota real property interest.

**Subd. 8. [RETURNS FOR UNEMPLOYMENT COMPENSATION.]** A person who makes payments of unemployment compensation totaling \$10 or more to any individual during a calendar year and who is required to make and file a return under section 6050B of the Internal Revenue Code of 1986, as amended through December 31, 1989, must file a copy of the return with the commissioner.

**Subd. 9. [RETURNS FOR PAYMENTS OF REMUNERATION FOR SERVICES AND DIRECT SALES.]** A person who is required to make a return under section 6041A (relating to information returns regarding payments of remuneration for services and direct sales) of the Internal Revenue Code of 1986, as amended through December 31, 1989, must file a copy of the return containing the information required under that section with the commissioner. The provisions of that section govern the requirements of a statement that must be given to persons with respect to whom information is required to be given.

**Subd. 10. [RETURNS RELATING TO SOCIAL SECURITY BENEFITS.]** The appropriate federal official who is required to make a return under section 6050F (relating to social security benefits) of the Internal Revenue Code of 1986, as amended through December 31, 1989, shall file a copy of the return containing the information required under that section with the commissioner.

**Subd. 11. [RETURNS BY TRUSTEES.]** The trustee of an individual retirement account and the issuer of an endowment contract or an individual retirement annuity who is required to make a report under section 408(i) of the Internal Revenue Code of 1986, as amended through December 31, 1989, must file with the commissioner a copy of that report containing the information required under that subsection. The provisions of that subsection govern when the reports are to be filed and the requirements of a statement that must be given to persons with respect to whom information must be given.

**Subd. 12. [STATEMENTS TO PAYEES.]** A person making a return under subdivisions 4 to 10 must furnish to a person whose name is set forth in the return a written statement showing the name and address of the person making the return, and the aggregate amount of payments to the person shown on the return.

This written statement must be given to the person on or before January 31 of the year following the calendar year for which the return was made. A duplicate of this written statement, along with a reconciliation of all the statements for the calendar year in the form the commissioner prescribes, must be furnished to the commissioner on or before February 28 of the year following the calendar year for which the return was made.

**Subd. 13. [SUPPLYING OF SOCIAL SECURITY NUMBER.]** An individual with respect to whom a return, statement, or other document is required under this section to be made by another person must furnish to that person the individual's social security account number. A person required under this section to make a return, statement, or other document with respect to another person who is an individual must request from that individual and must include in the return, statement, or other document the individual's social security account number. A return of an estate or



*trust with respect to its liability for tax, and any statement or other document in its support, is considered a return, statement, or other document with respect to the individual beneficiary of the estate or trust; otherwise, a return of an individual with respect to the individual's liability for tax, or any statement or other document in its support, is not considered a return, statement, or other document with respect to another person.*

**Sec. 8. [289A.023] [DUE DATES FOR FILING OF RETURNS.]**

**Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES; PARTNERSHIP AND S CORPORATION RETURNS; INFORMATION RETURNS.]** *The returns required to be made under sections 289A.021 and 289A.0218 must be filed at the following times:*

*(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns of corporations must be filed on March 15 following the close of the calendar year;*

*(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations must be filed on the 15th day of the third month following the close of the fiscal year;*

*(3) returns for a fractional part of a year must be filed on the 15th day of the fourth month following the end of the month in which falls the last day of the period for which the return is made, except that the returns of corporations must be filed on the 15th day of the third month following the end of the month in which falls the last day of the period for which the return is made;*

*(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;*

*(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;*

*(6) if a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section 290.34, subdivision 2, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year; and*

*(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year.*

**Subd. 2. [WITHHOLDING RETURNS, ENTERTAINER WITHHOLDING RETURNS, RETURNS FOR WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING RETURNS FROM PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.]** *Withholding returns are due on or before the last day of the month following the close of the quarterly period. However, if the return shows timely deposits in full payment of the taxes due for that period, the return may be filed on or before the tenth day of the second calendar month following the period. An employer, in preparing a quarterly return, may take credit*

for monthly deposits previously made for that quarter. Entertainer withholding tax returns are due within 30 days after each performance. Returns for withholding from payments to out-of-state contractors are due within 30 days after the payment to the contractor. Returns for withholding by partnerships are due on or before the due date specified for filing partnership returns. Returns for withholding by small business corporations are due on or before the due date specified for filing corporate franchise tax returns.

*Subd. 3. [ESTATE TAX RETURNS.] An estate tax return must be filed with the commissioner within nine months after the decedent's death.*

*Subd. 4. [SALES AND USE TAX RETURNS.] Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period. In addition, on or before June 20 of a year, a retailer who has a May liability of \$1,500 or more must file a return with the commissioner for one-half of the estimated June liability, in addition to filing a return for the May liability. On or before August 20 of a year, the retailer must file a return showing the actual June liability.*

*Subd. 5. [PROPERTY TAX REFUND CLAIMS.] A claim for a refund based on property taxes payable must be filed with the commissioner on or before August 15 of the year in which the property taxes are due and payable. Any claim for refund based on rent paid must be filed on or before August 15 of the year following the year in which the rent was paid.*

**Sec. 9. [289A.024] [EXTENSIONS FOR FILING RETURNS.]**

*Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, ENTERTAINMENT TAX, AND INFORMATION RETURNS.] When, in the commissioner's judgment, good cause exists, the commissioner may extend the time for filing individual and fiduciary income tax returns, entertainment tax returns, and information returns for not more than six months. If an extension to file the federal individual or fiduciary income tax return or information return has been granted under section 6081 of the Internal Revenue Code of 1986, as amended through December 31, 1989, the time for filing the state return is extended for that period. The commissioner may require the taxpayer to file a tentative return when the regularly required return is due, and to pay a tax on the basis of the tentative return at the times required for the payment of taxes on the basis of the regularly required return from the taxpayer.*

*Subd. 2. [CORPORATE FRANCHISE TAXES.] The commissioner may grant an extension of up to seven months for filing the return of a corporation subject to tax under chapter 290 if:*

*(1) the corporation files a tentative return when the regularly required return is due;*

*(2) the corporation pays the tax on the basis of the tentative return and the amount of tax, determined without regard to any prepayment of tax, shown on the tentative return, or the amount of tax paid on or before the regular due date of the return, is at least 90 percent of the amount shown on the corporation's regularly required return;*

*(3) the balance due shown on the regularly required return is paid on or before the extended due date of the return; and*

*(4) interest on any balance due is paid at the rate specified in section 270.75 from the regular due date of the return until the tax is paid.*

*Subd. 3. [WITHHOLDING RETURNS.] Where good cause exists, the commissioner may grant an extension of time of not more than 60 days for filing a withholding return.*

*Subd. 4. [ESTATE TAX RETURNS.] Where good cause exists, the commissioner may extend the time for filing an estate tax return for not more than six months. When an extension to file the federal estate tax return has been granted under section 6081 of the Internal Revenue Code of 1986, as amended through December 31, 1989, the time for filing the estate tax return is extended for that period.*

*Subd. 5. [SALES AND USE TAX RETURNS.] Where good cause exists, the commissioner may extend the time for filing sales and use tax returns for not more than 60 days.*

*Subd. 6. [PROPERTY TAX REFUND RETURNS.] Where good cause exists, the commissioner may extend the time for filing claims under chapter 290A for not more than six months. A claim filed after the original or extended due date shall be allowed if the initial claim is filed within one year after the original due date for filing the claim, subject to the provisions of section 289A.14, subdivision 12, paragraph (e).*

**Sec. 10. [289A.025] [DUE DATES FOR MAKING PAYMENTS OF TAX.]**

*Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES.] (a) Individual income, fiduciary, and corporate franchise taxes must be paid to the commissioner on or before the date the return must be filed under section 289A.023, subdivision 1, or the extended due date as provided in section 289A.024, unless an earlier date for payment is provided.*

*Notwithstanding any other law, a taxpayer whose unpaid liability for income or corporate franchise taxes, as reflected upon the return, is \$1 or less need not pay the tax.*

*(b) Entertainment taxes must be paid on or before the date the return must be filed under section 289A.023, subdivision 1.*

*Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.023, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.023, subdivision 2.*

*(b)(1) Unless clause (2) applies, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under section 290.92, subdivision 2a or 3, or under section 290.923, subdivision 2, exceeds \$500, the employer shall deposit the aggregate amount with the commissioner within 15 days*

after the close of the calendar month. (2) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is \$3,000 or more, the employer, or person withholding tax under section 290.92, subdivision 2a or 3, or section 290.923, subdivision 2, shall deposit the undeposited taxes with the commissioner within three banking days after the close of the eighth-monthly period. For purposes of this clause, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the part of a calendar month following the 25th day of the month.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

**Subd. 3. [ESTATE TAX.]** Taxes imposed by chapter 291 take effect at and upon the death of the person whose estate is subject to taxation and are due and payable on or before the expiration of nine months from that death.

**Subd. 4. [SALES AND USE TAX.]** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred or following another reporting period as the commissioner prescribes.

(b) A vendor having a liability of \$1,500 or more in May of a year must remit the June liability in the following manner:

(1) On or before June 20 of the year, the vendor must remit the actual May liability and one-half of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) When a retailer located outside of a city that imposes a local sales and use tax collects use tax to be remitted to that city, the retailer is not required to remit the tax until the amount collected reaches \$10.

**Sec. 11. [289A.026] [PAYMENT OF ESTIMATED TAX BY INDIVIDUALS.]**

**Subdivision 1. [REQUIREMENTS TO PAY.]** An individual must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax. The term "estimated tax" means the amount the individual estimates is the sum of the taxes imposed by chapter 290 for the taxable year. If the individual is an infant or incompetent person, the payments must be made

by the individual's guardian. If joint payments on estimated tax are made but a joint return is not made for the taxable year, the estimated tax for that year may be treated as the estimated tax of either the husband or the wife or may be divided between them.

Notwithstanding the provisions of this section, no payments of estimated tax are required if the estimated tax, as defined in this subdivision, less the credits allowed against the tax, is less than \$500.

**Subd. 2. [ADDITIONS TO TAX FOR UNDERPAYMENT.]** (a) In the case of any underpayment of estimated tax by an individual, except as provided in subdivision 6 or 7, there must be added to and become a part of the taxes imposed by chapter 290, for the taxable year an amount determined at the rate specified in section 270.75 upon the amount of the underpayment for the period of the underpayment.

(b) For purposes of paragraph (a), the amount of underpayment shall be the excess of

- (1) the amount of the installment required to be paid, over
- (2) the amount, if any, of the installment paid on or before the last day prescribed for the payment.

**Subd. 3. [PERIOD OF UNDERPAYMENT.]** (a) The period of the underpayment shall run from the date the installment was required to be paid to the earlier of the following dates:

(1) The 15th day of the fourth month following the close of the taxable year.

(2) With respect to any part of the underpayment, the date on which that part is paid. For purposes of this clause, a payment of estimated tax on any installment date is considered a payment of any unpaid required installments in the order in which the installments are required to be paid.

(b) For purposes of this subdivision, there shall be four required installments for a taxable year. The times for payment of installments shall be:

For the following

required installments:

1st

2nd

3rd

4th

The due date is:

April 15

June 15

September 15

January 15 of the following  
taxable year

**Subd. 4. [NO ADDITION TO TAX WHERE TAX IS SMALL.]** No addition to tax is imposed under subdivision 2 for a taxable year if the tax shown on the return for the taxable year (or, if no return is filed, the tax) reduced by the credits allowable is less than \$500.

**Subd. 5. [AMOUNT OF REQUIRED INSTALLMENT.]** The amount of any installment required to be paid shall be 25 percent of the required annual payment except as provided in clause (3). The term "required annual payment" means the lesser of

(1) 90 percent of the tax shown on the return for the taxable year or 90 percent of the tax for the year if no return is filed, or

(2) the total tax liability shown on the return of the individual for the preceding taxable year, if a return showing a liability for the taxes was

filed by the individual for the preceding taxable year of 12 months, or

(3) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income and alternative minimum taxable income for the months in the taxable year ending before the month in which the installment is required to be paid. The applicable percentage of the tax is 22.5 percent in the case of the first installment, 45 percent for the second installment, 67.5 percent for the third installment, and 90 percent for the fourth installment. For purposes of this clause, the taxable income and alternative minimum taxable income shall be placed on an annualized basis by

(i) multiplying by 12 (or in the case of a taxable year of less than 12 months, the number of months in the taxable year) the taxable income and alternative minimum taxable income computed for the months in the taxable year ending before the month in which the installment is required to be paid; and

(ii) dividing the resulting amount by the number of months in the taxable year ending before the month in which the installment date falls.

**Subd. 6. [EXCEPTION TO ADDITION TO TAX.]** No addition to the tax shall be imposed under this section for any taxable year if:

(1) the individual did not have liability for tax for the preceding taxable year,

(2) the preceding taxable year was a taxable year of 12 months, and

(3) the individual was a resident of Minnesota throughout the preceding taxable year.

**Subd. 7. [WAIVER OF ADDITION TO TAX.]** No addition to the tax is imposed under this section with respect to an underpayment to the extent the commissioner determines that the provisions of section 6654(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1989, apply.

**Subd. 8. [APPLICATION OF SECTION; TAX WITHHELD ON WAGES.]** For purposes of this section, the estimated tax must be computed without reduction for the amount that the individual estimates as the individual's credit under section 290.92, subdivision 12 (relating to tax withheld at source on wages), and any other refundable credits allowed against income tax liability, and the amount of those credits for the taxable year is considered a payment of estimated tax, and an equal part of those amounts is considered paid on the installment date, determined under subdivision 3, paragraph (b), for that taxable year, unless the taxpayer establishes the dates on which the amounts were actually withheld, in which case the amounts so withheld are considered payments of estimated tax on the dates on which the amounts were actually withheld.

**Subd. 9. [SPECIAL RULE FOR RETURN FILED ON OR BEFORE JANUARY 31.]** If, on or before January 31 of the following taxable year, the taxpayer files a return for the taxable year and pays in full the amount computed on the return as payable, then no addition to tax is imposed under subdivision 2 with respect to any underpayment of the fourth required installment for the taxable year.

**Subd. 10. [SPECIAL RULE FOR FARMERS AND FISHERMEN.]** For purposes of this section, if an individual is a farmer or fisherman as defined

*in section 6654(f)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for a taxable year, only one installment is required for the taxable year, the due date of which is January 15 of the following taxable year, the amount of which is equal to the required annual payment determined under subdivision 5 by substituting "66-2/3 percent" for "90 percent," and subdivision 9 shall be applied by substituting "March 1" for "January 31," and by treating the required installment described as the fourth required installment.*

*Subd. 11. [FISCAL YEAR TAXPAYER.] The application of this section to taxable years beginning other than January 1 must be made by substituting, for the months named in this section, the months that correspond. This section must be applied to taxable years of less than 12 months, under rules issued by the commissioner.*

*Subd. 12. [TRUSTS AND ESTATES.] The provisions of this section do not apply to an estate or trust.*

*Subd. 13. [OVERPAYMENT OF ESTIMATED TAX INSTALLMENT.] If an installment payment of estimated tax exceeds the correct amount of the installment payment, the overpayment must be credited against the unpaid installments, if any.*

**Sec. 12. [289A.027] [PAYMENT OF ESTIMATED TAX BY CORPORATIONS.]**

*Subdivision 1. [MINIMUM LIABILITY.] A corporation subject to taxation under chapter 290 (excluding section 290.92) must make payment of estimated tax for the taxable year if its tax liability so computed can reasonably be expected to exceed \$500, or in accordance with rules prescribed by the commissioner for an affiliated group of corporations electing to file one return as permitted under section 289A.021, subdivision 3.*

*Subd. 2. [AMOUNT AND TIME FOR PAYMENT OF INSTALLMENTS.] The estimated tax payment required under subdivision 1 must be paid in four equal installments on or before the 15th day of the third, sixth, ninth, and 12th month of the taxable year.*

*Subd. 3. [SHORT TAXABLE YEAR.] (a) A corporation with a short taxable year of less than 12 months, but at least four months, must pay estimated tax in equal installments on or before the 15th day of the third, sixth, ninth, and final month of the short taxable year, to the extent applicable based on the number of months in the short taxable year.*

*(b) A corporation is not required to make estimated tax payments for a short taxable year unless its tax liability before the first day of the last month of the taxable year can reasonably be expected to exceed \$500.*

*(c) No payment is required for a short taxable year of less than four months.*

*Subd. 4. [UNDERPAYMENT OF ESTIMATED TAX.] If there is an underpayment of estimated tax by a corporation, there shall be added to the tax for the taxable year an amount determined at the rate in section 270.75 on the amount of the underpayment, determined under subdivision 5, for the period of the underpayment determined under subdivision 6. This subdivision does not apply in the first taxable year that a corporation is subject to the tax imposed under section 290.02.*

*Subd. 5. [AMOUNT OF UNDERPAYMENT.] For purposes of subdivision 4, the amount of the underpayment is the excess of*

*(1) the required installment, over*

*(2) the amount, if any, of the installment paid on or before the last date prescribed for payment.*

*Subd. 6. [PERIOD OF UNDERPAYMENT.] The period of the underpayment runs from the date the installment was required to be paid to the earlier of the following dates:*

*(1) the 15th day of the third month following the close of the taxable year; or*

*(2) with respect to any part of the underpayment, the date on which that part is paid. For purposes of this clause, a payment of estimated tax shall be credited against unpaid required installments in the order in which those installments are required to be paid.*

*Subd. 7. [REQUIRED INSTALLMENTS.] (a) Except as otherwise provided in this subdivision, the amount of a required installment is 25 percent of the required annual payment.*

*(b) Except as otherwise provided in this subdivision, the term "required annual payment" means the lesser of:*

*(1) 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 that year; or*

*(2) 100 percent of the tax shown on the return of the corporation for the preceding taxable year provided the return was for a full 12-month period, showed a liability, and was filed by the corporation.*

*(c) Except for determining the first required installment for any taxable year, paragraph (b), clause (2), 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 (b), clause (2), must be recaptured by increasing the next required installment by the amount of the reduction.*

*(d) In the case of a required installment, if the corporation establishes that the annualized income installment is less than the amount determined in paragraph (a), 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 later required installments to the extent the reductions have not previously been recovered.*

*(e) The "annualized income installment" is the excess, if any, of:*

*(1) 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

(2) the aggregate amount of any prior required installments for the taxable year.

(3) 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 (1).

(4) The "applicable percentage" used in clause (1) is:

For the following required installments:	The applicable percentage is:
1st	22.5
2nd	45
3rd	67.5
4th	90

(f)(1) If this paragraph applies, the amount determined for any installment must be determined in the following manner:

(i) take the taxable income for the months during the taxable year preceding the filing month;

(ii) divide that amount by the base period percentage for the 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 the months during the taxable year preceding the filing month.

(2) For purposes of this paragraph:

(i) the "base period percentage" for a period of months is the average percent that 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 only applies 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.

(3) 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 (a), 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 later required installments to the extent the reductions have not previously been recovered.*

**Subd. 8. [DEFINITION OF TAX.]** *The term "tax" as used in this section means the tax imposed by chapter 290.*

**Subd. 9. [FAILURE TO FILE AN ESTIMATE.]** *In the case of a corporation that fails to file an estimated tax for a taxable year when one is required, the period of the underpayment runs from the four installment dates in subdivision 2 or 3, whichever applies, to the earlier of the periods in subdivision 6, clauses (1) and (2).*

**Subd. 10. [PAYMENT ON ACCOUNT.]** *Payment of the estimated tax or any installment of it shall be considered payment on account of the taxes imposed by chapter 290, for the taxable year.*

**Subd. 11. [OVERPAYMENT OF ESTIMATED TAX INSTALLMENT.]** *If the amount of an installment payment of estimated tax exceeds the amount determined to be the correct amount of the installment payment, the overpayment must be credited against the unpaid installments, if any.*

**Sec. 13. [289A.028] [EXTENSIONS FOR PAYING TAX.]**

**Subdivision 1. [INDIVIDUAL AND FIDUCIARY INCOME, CORPORATE FRANCHISE TAX.]** *Where good cause exists, the commissioner may extend the time for payment of the amount determined as an individual or fiduciary income tax or corporate franchise tax by the taxpayer, or an amount determined as a deficiency, for a period of not more than six months from the date prescribed for the payment of the tax.*

**Subd. 2. [ESTATE TAX.]** *Where good cause exists, the commissioner may extend the time for payment of estate tax for a period of not more than six months. If an extension to pay the federal estate tax has been granted under section 6161 of the Internal Revenue Code of 1986, as amended through December 31, 1989, the time for payment of the estate tax without penalty is extended for that period. A taxpayer who owes at least \$5,000 in taxes and who, under section 6161 or 6166 of the Internal Revenue Code of 1986, as amended through December 31, 1989, has been granted an extension for payment of the tax shown on the return, may elect to pay the tax due to the commissioner in equal amounts at the same time as required for federal purposes. A taxpayer electing to pay the tax in installments must notify the commissioner in writing no later than nine months after the death of the person whose estate is subject to taxation. If the taxpayer fails to pay an installment on time, unless it is shown that the failure is due to reasonable cause, the election is revoked and the entire amount of unpaid tax plus accrued interest is due and payable 90 days after the date on which the installment was payable.*

**Sec. 14. [289A.029] [LIABILITY FOR PAYMENT OF TAX.]**

**Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES.]** *(a) Individual income, fiduciary income, and corporate franchise taxes, and interest and penalties, must be paid by the taxpayer upon whom the tax is imposed, except in the following cases:*

*(1) The tax due from a decedent for that part of the taxable year in which the decedent died during which the decedent was alive and the taxes,*

*interest, and penalty due for the prior years must be paid by the decedent's personal representative, if any. If there is no personal representative, the taxes, interest, and penalty must be paid by the transferees, as defined in section 289A.06, subdivision 13, to the extent they receive property from the decedent;*

*(2) The tax due from an infant or other incompetent person must be paid by the person's guardian or other person authorized or permitted by law to act for the person;*

*(3) The tax due from the estate of a decedent must be paid by the estate's personal representative;*

*(4) The tax due from a trust, including those within the definition of a corporation, as defined in section 290.01, subdivision 4, must be paid by a trustee; and*

*(5) The tax due from a taxpayer whose business or property is in charge of a receiver, trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge of the business or property so far as the tax is due to the income from the business or property.*

*(b) Entertainment taxes are the joint and several liability of the entertainer and the entertainment entity. The payor is liable to the state for the payment of the tax required to be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the entertainer for the amount of the payment.*

*Subd. 2. [JOINT INCOME TAX RETURNS.] If a joint income tax return is made by a husband and wife, the liability for the tax is joint and several. 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, 1989, is also relieved of the state income tax liability on the substantial underpayment.*

*In the case of individuals who were a husband and wife prior to the dissolution of their marriage, for tax liabilities reported on a joint or combined return, the liability of each person is limited to the proportion of the tax due on the return that equals that person's proportion of the total tax due if the husband and wife filed separate returns for the taxable year. This provision is effective only when the commissioner receives written notice of the marriage dissolution from the husband or wife. No refund may be claimed by an ex-spouse for any taxes paid before receipt by the commissioner of the written notice.*

*Subd. 3. [TRANSFEREES AND FIDUCIARIES.] The amounts of the following liabilities are, except as otherwise provided in section 289A.06, subdivision 13, assessed, collected, and paid in the same manner and subject to the same provisions and limitations as a deficiency in a tax imposed by chapter 290, including any provisions of law for the collection of taxes:*

*(1) the liability, at law or in equity, of a transferee of property of a taxpayer for tax, including interest, additional amounts, and additions to the tax provided by law, imposed upon the taxpayer by chapter 290; and*

*(2) the liability of a fiduciary under subdivision 4 for the payment of tax from the estate of the taxpayer. The liability may reflect the amount of tax shown on the return or any deficiency in tax.*

*Subd. 4. [TAX AS A PERSONAL DEBT OF A FIDUCIARY.] The tax imposed by chapter 290, and interest and penalties, is a personal debt of the taxpayer from the time the liability arises, regardless of when the time for discharging the liability by payment occurs. The debt is, in the case of the personal representative of the estate of a decedent and in the case of any fiduciary, that of the individual in the individual's official or fiduciary capacity only, unless the individual has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which event the individual is personally liable for the deficiency.*

*Subd. 5. [WITHHOLDING TAX, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) Except as provided in paragraph (b), an employer or person withholding tax under section 290.92 or 290.923, subdivision 2, who fails to pay to or deposit with the commissioner a sum or sums required by those sections to be deducted, withheld, and paid, is personally and individually liable to the state for the sum or sums, and added penalties and interest, and is not liable to another person for that payment or payments. The sum or sums deducted and withheld under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must be held as a special fund in trust for the state of Minnesota.*

*(b) If the employer or person withholding tax under section 290.92 or 290.923, subdivision 2, fails to deduct and withhold the tax in violation of those sections, and later the taxes against which the tax may be credited are paid, the tax required to be deducted and withheld will not be collected from the employer. This does not, however, relieve the employer from liability for any penalties and interest otherwise applicable for failure to deduct and withhold.*

*(c) Liability for payment of withholding taxes includes a responsible person or entity described in the personal liability provisions of section 270.101.*

*(d) Liability for payment of withholding taxes includes a third party lender or surety described in section 290.92, subdivision 22.*

*(e) A partnership or S corporation required to withhold and remit tax under section 290.92, subdivisions 4b and 4c, is liable for payment of the tax to the commissioner, and a person having control of or responsibility for the withholding of the tax or the filing of returns due in connection with the tax is personally liable for the tax due.*

*(f) A payor of sums required to be withheld under section 290.9705, subdivision 1, is liable to the state for the amount required to be deducted, and is not liable to an out-of-state contractor for the amount of the payment.*

*Subd. 6. [ESTATE TAX.] The personal representative and person to whom property that is subject to taxation under this chapter is transferred, other than a bona fide purchaser, mortgagee, or lessee, is personally liable for that tax, until its payment, to the extent of the value of the property at the time of the transfer. The exemption from personal liability extends to subsequent transferees from bona fide purchasers, mortgagees, and lessees.*

*Subd. 7. [SALES AND USE TAX.] (a) The sales and use tax required to be collected by the retailer under chapter 297A constitutes a debt owed by the retailer to Minnesota, and the sums collected must be held as a*

*special fund in trust for the state of Minnesota.*

*A retailer who does not maintain a place of business within this state as defined by section 297A.21, subdivision 1, shall not be indebted to Minnesota for amounts of tax that 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 tax.*

*(b) The use tax required to be paid by a purchaser is a debt owed by the purchaser to Minnesota.*

*(c) The tax imposed by sections 297A.01 to 297A.44, and interest and penalties, is a personal debt of the individual required to file a return from the time the liability arises, irrespective of when the time for payment of that liability occurs. The debt is, in the case of the executor or administrator of the estate of a decedent and in the case of a fiduciary, that of the individual in an official or fiduciary capacity unless the individual has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which case the individual is personally liable for the deficiency.*

*(d) Liability for payment of sales and use taxes includes any responsible person or entity described in the personal liability provisions of section 270.101.*

#### Sec. 15. [289A.03] [ASSESSMENTS.]

*The commissioner shall make determinations, corrections, and assessments with respect to state taxes, including interest, additions to taxes, and assessable penalties. The commissioner may audit and adjust the taxpayer's computation of federal taxable income to make it conform with the provisions of section 290.01, subdivisions 19 to 19g, or the items of federal tax preferences or federal credit amounts to make them conform with the provisions of chapter 290. If a taxpayer fails to file a required return, the commissioner, from information in the commissioner's possession or obtainable by the commissioner, may make a return for the taxpayer. The return will be prima facie correct and valid. If a return has been filed, the commissioner shall examine the return and make any audit or investigation that is considered necessary. The commissioner may use statistical or other sampling techniques consistent with generally accepted accounting principles in examining returns or records and making assessments.*

#### Sec. 16. [289A.04] [EXAMINATIONS; AUDITS AND COLLECTIONS.]

*Subdivision 1. [EXAMINATION OF TAXPAYER.] To determine the accuracy of a return or report, or in fixing liability under state tax law, or for the purpose of collection, the commissioner may make reasonable examinations or investigations of a taxpayer's place of business, tangible personal property, equipment, computer systems and facilities, pertinent books, records, papers, vouchers, computer printouts, accounts, and documents.*

*Subd. 2. [ACCESS TO RECORDS OF OTHER PERSONS IN CONNECTION WITH EXAMINATION OF TAXPAYER.] When conducting an investigation or an audit of a taxpayer, or for the purpose of collection, the commissioner may examine, except where privileged by law, the relevant records and files of any person, business, institution, financial institution, state agency, agency of the United States government, or agency of any other state where permitted by statute, agreement, or reciprocity.*

*The commissioner may compel production of these records by subpoena. A subpoena may be served directly by the commissioner.*

*Subd. 3. [POWER TO COMPEL TESTIMONY.] In the administration of state tax law, the commissioner may:*

*(1) administer oaths or affirmations and compel by subpoena the attendance of witnesses, testimony, and the production of a person's pertinent books, records, papers, or other data;*

*(2) examine under oath or affirmation any person regarding the business of any taxpayer concerning any relevant matter incident to the administration of state tax law. The fees of witnesses required by the commissioner to attend a hearing are equal to those allowed to witnesses appearing before courts of this state. The fees must be paid in the manner provided for the payment of other expenses incident to the administration of state tax law; and*

*(3) in addition to other remedies that may be available, bring an action in equity by the state against a taxpayer for an injunction ordering the taxpayer to file a complete and proper return or amended return. The district courts of this state have jurisdiction over the action and disobedience of an injunction issued under this clause will be punished as a contempt of district court.*

*Subd. 4. [THIRD PARTY SUBPOENA WHERE TAXPAYER'S IDENTITY IS KNOWN.] An investigation may extend to a person that the commissioner determines has access to information that may be relevant to the examination or investigation. When a subpoena requiring the production of records as described in subdivision 2 is served on a third-party recordkeeper, written notice of the subpoena must be mailed to the taxpayer and to any other person who is identified in the subpoena. The notices must be given within three days of the day on which the subpoena is served. Notice to the taxpayer required by this section is sufficient if it is mailed to the last address on record with the commissioner.*

*The provisions of this subdivision relating to notice to the taxpayer or other parties identified in the subpoena do not apply if there is reasonable cause to believe that the giving of notice may lead to attempts to conceal, destroy, or alter records relevant to the examination, to prevent the communication of information from other persons through intimidation, bribery, or collusion, or to flee to avoid prosecution, testifying, or production of records.*

*Subd. 5. [THIRD PARTY SUBPOENA WHERE TAXPAYER'S IDENTITY IS NOT KNOWN.] A subpoena that does not identify the person or persons whose tax liability is being investigated may be served only if:*

*(1) the subpoena relates to the investigation of a particular person or ascertainable group or class of persons;*

*(2) there is a reasonable basis for believing that the person or group or class of persons may fail or may have failed to comply with tax laws administered by the commissioner;*

*(3) the information sought to be obtained from the examination of the records, and the identity of the person or persons with respect to whose liability the subpoena is issued, is not readily available from other sources;*

*(4) the subpoena is clear and specific concerning the information sought*

to be obtained; and

(5) the information sought to be obtained is limited solely to the scope of the investigation.

The party served with a subpoena that does not identify the person or persons with respect to whose tax liability the subpoena is issued may, within 20 days after service of the subpoena, petition the district court in the judicial district in which that party is located for a determination concerning whether the commissioner has complied with the requirements in clauses (1) to (5), and thus, whether the subpoena is enforceable. If no petition is made by the party served within the time prescribed, the subpoena has the effect of a court order.

**Subd. 6. [REQUEST BY TAXPAYER FOR SUBPOENA.]** When the commissioner has the power to issue a subpoena for investigative or auditing purposes, the commissioner shall honor a reasonable request by the taxpayer to issue a subpoena on the taxpayer's behalf, if in connection with the investigation or audit.

**Subd. 7. [APPLICATION TO COURT FOR ENFORCEMENT OF SUBPOENA.]** The commissioner or the taxpayer may apply to the district court of the county of the taxpayer's residence, place of business, or county where the subpoena can be served as with any other case at law, for an order compelling the appearance of the subpoenaed witness or the production of the subpoenaed records. If the subpoenaed party fails to comply with the order of the court, the party may be punished by the court as for contempt.

**Subd. 8. [COST OF PRODUCTION OF RECORDS.]** The cost of producing records of a third party required by a subpoena must be paid by the taxpayer, if the taxpayer requests the subpoena to be issued, or if the taxpayer has the records available but has refused to provide them to the commissioner. In other cases where the taxpayer cannot produce records and the commissioner then initiates a subpoena for third-party records, the commissioner shall pay the reasonable cost of producing the records. The commissioner may later assess the reasonable costs against the taxpayer if the records contribute to the determination of an assessment of tax against the taxpayer.

**Sec. 17. [289A.05] [ORDER OF ASSESSMENT.]**

**Subdivision 1. [ORDER OF ASSESSMENT; NOTICE AND DEMAND TO TAXPAYER.]** (a) When a return has been filed and the commissioner determines that the tax disclosed by the return is different than the tax determined by the examination, the commissioner shall send an order of assessment to the taxpayer. The order must explain the basis for the assessment and must explain the taxpayer's appeal rights. An order of assessment is final when made but may be reconsidered by the commissioner under section 289A.16.

(b) An amount of unpaid tax shown on the order must be paid to the commissioner: (1) within 60 days after notice of the amount and demand for its payment have been mailed to the taxpayer by the commissioner; or (2) if an administrative appeal is filed under section 289A.16, within 60 days following the determination of the appeal.

**Subd. 2. [ERRONEOUS REFUNDS.]** An erroneous refund is considered an underpayment of tax on the date made. An assessment of a deficiency

*arising out of an erroneous refund may be made at any time within two years from the making of the refund. If part of the refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.*

*Subd. 3. [ASSESSMENT PRESUMED VALID.] A return or assessment of tax made by the commissioner is prima facie correct and valid. The taxpayer has the burden of establishing its incorrectness or invalidity in any related action or proceeding.*

*Subd. 4. [AGGREGATE REFUND OR ASSESSMENT.] The commissioner, on examining returns of a taxpayer for more than one year or period, may issue one order covering the period under examination that reflects the aggregate refund or additional tax due.*

*Subd. 5. [SUFFICIENCY OF NOTICE.] An order of assessment, sent postage prepaid by United States mail to the taxpayer at the taxpayer's last known address, is sufficient even if the taxpayer is deceased or is under a legal disability, or, in the case of a corporation, has terminated its existence, unless the department has been provided with a new address by a party authorized to receive notices of assessment.*

*Subd. 6. [ORDER OF ASSESSMENT IF JOINT INCOME TAX RETURN.] If a joint income tax return is filed by a husband and wife, an order of assessment may be a single joint notice. If the commissioner has been notified by either spouse that that spouse's address has changed and if that spouse requests it, then, instead of the single joint notice mailed to the last known address of the husband and wife, a duplicate or original of the joint notice must be sent to the requesting spouse at the address designated by the requesting spouse. The other joint notice must be mailed to the other spouse at that spouse's last known address. An assessment is not invalid for failure to send it to a spouse if the spouse actually receives the notice in the same period as if it had been mailed to that spouse at the correct address or if the spouse has failed to provide an address to the commissioner other than the last known address.*

**Sec. 18. [289A.06] [LIMITATIONS ON TIME FOR ASSESSMENT OF TAX.]**

*Subdivision 1. [GENERAL RULE.] Except as otherwise provided in this section, the amount of taxes assessable must be assessed within 3-1/2 years after the date the return is filed.*

*Subd. 2. [FILING DATE.] For purposes of this section, a tax return filed before the last day prescribed by law for filing is considered to be filed on the last day.*

*Subd. 3. [ESTATE TAXES.] Estate taxes must be assessed within 180 days after the return and the documents required under section 289A.0214, subdivision 2, have been filed.*

*Subd. 4. [PROPERTY TAX REFUND.] For purposes of computing the limitation under this section, the due date of the property tax refund return as provided for in chapter 290A is the due date 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.*

*Subd. 5. [FALSE OR FRAUDULENT RETURN; NO RETURN.] Notwithstanding the limitations under subdivisions 1 and 3, the tax may be assessed at any time if a false or fraudulent return is filed or when a*



*taxpayer fails to file a return.*

**Subd. 6. [OMISSION IN EXCESS OF 25 PERCENT.]** *Additional taxes may be assessed within 6-1/2 years after the due date of the return or the date the return was filed, whichever is later, if:*

*(1) the taxpayer omits from gross income an amount properly includable in it that is in excess of 25 percent of the amount of gross income stated in the return;*

*(2) the taxpayer omits from a sales or withholding tax return an amount in excess of 25 percent of the taxes reported in the return; or*

*(3) the taxpayer omits from the gross estate assets in excess of 25 percent of the gross estate reported in the return.*

**Subd. 7. [FEDERAL TAX CHANGES.]** *If the amount of income, items of tax preference, deductions, or credits for any year of a taxpayer as reported to the Internal Revenue Service is changed or corrected by the commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or sub-contract with the United States results in a change in income, items of tax preference, deductions, or credits, or, in the case of estate tax, where there are adjustments to the taxable estate resulting in a change to the credit for state death taxes, the taxpayer shall report the change or correction or renegotiation results in writing to the commissioner, in the form required by the commissioner. The report must be submitted within 90 days after the final determination and must concede the accuracy of the determination or state how it is wrong. A taxpayer filing an amended federal tax return must also file a copy of the amended return with the commissioner of revenue within 90 days after filing the amended return.*

**Subd. 8. [FAILURE TO REPORT CHANGE OR CORRECTION OF FEDERAL RETURN.]** *If a taxpayer fails to make a report as required by subdivision 7, the commissioner may recompute the tax, including a refund, based on information available to the commissioner. The tax may be recomputed within six years after the report should have been filed, notwithstanding any period of limitations to the contrary.*

**Subd. 9. [REPORT MADE OF CHANGE OR CORRECTION OF FEDERAL RETURN.]** *If a taxpayer is required to make a report under subdivision 7, and does report the change or files a copy of the amended return, the commissioner may recompute and reassess the tax due, including a refund (1) within one year after the report or amended return is filed with the commissioner, notwithstanding any period of limitations to the contrary, or (2) within any other applicable period stated in this section, whichever period is longer. The period provided for the carryback of any amount of loss or credit is also extended as provided in this subdivision, notwithstanding any law to the contrary.*

**Subd. 10. [INCORRECT DETERMINATION OF FEDERAL ADJUSTED GROSS INCOME.]** *Notwithstanding any other provision of this chapter, if a taxpayer whose gross income is determined under section 290.01, subdivisions 20 and 20e, omits from income an amount that will under the Internal Revenue Code of 1986, as amended through December 31, 1989, extend the statute of limitations for the assessment of federal income taxes, or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting in adjustments by the Internal Revenue Service, then the*

*period of assessment and determination of tax will be that under the Internal Revenue Code of 1986, as amended through December 31, 1989. When a change is made to federal income during the extended time provided under this subdivision, the provisions under subdivisions 7 to 9 regarding additional extensions apply.*

*Subd. 11. [NET OPERATING LOSS CARRYBACK.] If a deficiency of tax is attributable to a net operating loss carryback that has been disallowed in whole or in part, the deficiency may be assessed at any time that a deficiency for the taxable year of the loss may be assessed.*

*Subd. 12. [REQUEST FOR EARLY AUDIT FOR INDIVIDUAL INCOME, FIDUCIARY INCOME, AND CORPORATE FRANCHISE TAXES.] (a) Tax must be assessed within 18 months after written request for an assessment has been made in the case of income received (1) during the lifetime of a decedent, (2) by the decedent's estate during the period of administration, (3) by a trustee of a terminating trust or other fiduciary who, because of custody of assets, would be liable for the payment of tax under section 289A.029, subdivision 4, or (4) by a corporation. A proceeding in court for the collection of the tax must begin within two years after written request for the assessment (filed after the return is made and in the form the commissioner prescribes) by the personal representative or other fiduciary representing the estate of the decedent, or by the trustee of a terminating trust or other fiduciary who, because of custody of assets, would be liable for the payment of tax under section 289A.029, subdivision 4, or by the corporation. Except as provided in section 289A.10, subdivision 1, an assessment must not be made after the expiration of 3-1/2 years after the return was filed, and an action must not be brought after the expiration of four years after the return was filed.*

*(b) Paragraph (a) only applies in the case of a corporation if:*

*(1) the written request notifies the commissioner that the corporation contemplates dissolution at or before the expiration of the 18-month period;*

*(2) the dissolution is begun in good faith before the expiration of the 18-month period; and*

*(3) the dissolution is completed within the 18-month period.*

*Subd. 13. [TIME LIMIT FOR ASSESSMENT AND COLLECTION FOR TRANSFEREE OR FIDUCIARY.] The period of limitation for assessment and collection of any liability of a transferee or fiduciary is as follows:*

*(1) In the case of the liability of an initial transferee of the property of the taxpayer, the tax may be assessed within one year after the expiration of the period of limitation of assessment against the taxpayer. The tax may be collected by action brought within one year after the expiration of the period of limitation for the starting of an action against the taxpayer.*

*(2) In the case of the liability of the transferee of a transferee of the property of the taxpayer, the tax may be assessed within one year after the expiration of the period of limitation for assessment against the preceding transferee, but only if within 3-1/2 years after the expiration of the period of limitation for assessment against the taxpayer. The tax may be collected by action brought within one year after the expiration of the period of limitation for the starting of an action against the preceding transferee, but only if within four years after the expiration of the period of limitation for bringing an action against the taxpayer; except that if*

*before the expiration of the period of limitation for the assessment of the liability of the transferee a court proceeding for the collection of the tax or liability has been begun against the taxpayer or last preceding transferee, liability of the transferee expires one year after the return of execution in the court proceeding and the period of limitation for collection by action will expire one year after the liability is assessed.*

*(3) In the case of the liability of a fiduciary, the tax may be assessed up to one year after the liability arises or not later than the expiration of the period for collection of the tax for which the liability arises, whichever is later, and may be collected by action brought within one year after assessment.*

*(4) For the purposes of this subdivision, if the taxpayer is deceased, or in the case of a corporation, has ended its existence, the period of limitation for assessment against the taxpayer will be the period that would be in effect had death or termination of existence not occurred.*

*As used in this subdivision, the term "transferee" includes heir, legatee, devisee, and distributee.*

**Subd. 14. [FAILURE TO TIMELY FILE WITHHOLDING RECONCILIATION.]** *If an employer fails to timely file the reconciliation required by section 289A.0212, subdivision 2, paragraph (d), withholding taxes may be assessed within the period prescribed in subdivision 1, or within one year from the date the reconciliation is filed with the commissioner, whichever is later.*

**Sec. 19. [289A.07] [LIMITATIONS; ARMED SERVICES.]**

**Subdivision 1. [EXTENSIONS FOR SERVICE MEMBERS.]** *The limitations of time provided by this chapter and chapter 290 relating to income taxes and chapter 271 relating to the tax court for filing returns, paying taxes, claiming refunds, commencing action thereon, appealing to the tax court from orders relating to income taxes, and appealing to the Supreme Court from decisions of the tax court relating to income taxes are extended, with respect to an individual, for the period during which the individual serves in the armed forces of the United States, or serves in support of the armed forces and as provided in section 7508 of the Internal Revenue Code of 1986, as amended through December 31, 1989, or serves in an area designated by the president as a combat zone or is hospitalized outside the United States as a result of injury received while serving in the combat during that time and for a further period of six months.*

**Subd. 2. [INTEREST AND PENALTIES.]** *Interest on income tax must not be assessed or collected from an individual, and interest must not be paid upon an income tax refund to any individual, with respect to whom, and for the period during which, the limitations or time are extended as provided in subdivision 1. A penalty will not be assessed or collected from an individual for failure during that period to perform an act required by the laws described in subdivision 1.*

**Subd. 3. [ASSESSMENTS; ACTIONS.]** *The time limitations provided for the assessment of a tax, penalty, or interest, are extended, with respect to those individuals and for the period provided in subdivision 1 and for a further period of six months; and the time limitations for the commencement of action to collect a tax, penalty, or interest from those individuals are extended for a period ending six months after the expiration of the time for assessment as provided in this section.*

*Subd. 4. [APPLICABILITY.] Nothing in this section reduces the time within which an act is required or permitted under this chapter.*

*Subd. 5. [EXTENSION LIMITATIONS.] This section does not extend the time for performing any of the acts set forth in this chapter beyond the expiration of three months after the appointment of a personal representative or guardian, in this state, for any individual described in this section, except as provided in subdivision 6.*

*Subd. 6. [DEATH WHILE SERVING IN ARMED FORCES.] If an individual dies while in active service as a member of the military or naval forces of the United States or of any of the United Nations, an income tax imposed under chapter 290 will not be imposed for the taxable year in which the individual dies. Income tax imposed for a prior taxable year that is unpaid at the date of death (including additions to the tax, penalties) must not be assessed, and if assessed, the assessment must be abated. In addition, upon the filing of a claim for refund within seven years from the date the return was filed, the tax paid or collected with respect to any taxable year beginning after December 31, 1949, during which the decedent was in active service must be refunded.*

*Subd. 7. [DEATH OF CIVILIAN WHILE OUTSIDE UNITED STATES.] If an individual dies while a civilian employee of the United States as a result of wounds or injuries incurred while the individual was a civilian employee of the United States, and which were incurred outside the United States in a terroristic or military action, a tax imposed by chapter 290 does not apply with respect to the taxable year in which the death falls and with respect to any prior taxable years in the period beginning with the last taxable year ending before the taxable year in which the wounds or injury were incurred. Terroristic or military action has the meaning given it in section 692(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1989.*

**Sec. 20. [289A.08] [LIMITATIONS ON CLAIMS FOR REFUND.]**

*Subdivision 1. [TIME LIMIT; GENERALLY.] Unless otherwise provided in this chapter, a claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or two years from the time the tax is paid in full, whichever period expires later.*

*Subd. 2. [BAD DEBT LOSS.] If a claim relates to an overpayment because of a failure to deduct a loss due to a bad debt or to a security becoming worthless, the claim is considered timely if filed within seven years from the date prescribed for the filing of the return. The refund or credit is limited to the amount of overpayment attributable to the loss.*

*Subd. 3. [NET OPERATING LOSS; INDIVIDUALS.] A refund or credit must be allowed for a net operating loss carryback to any taxable year authorized by section 290.095, or section 172 of the Internal Revenue Code of 1986, as amended through December 31, 1989, but the refund or credit is limited to the amount of overpayment arising from the carryback.*

**Sec. 21. [289A.09] [BANKRUPTCY; SUSPENSION OF TIME.]**

*The running of the period during which a tax must be assessed or collection proceedings commenced is suspended during the period from the date of a filing of a petition in bankruptcy until 30 days after either*

*notice to the commissioner of revenue that the bankruptcy proceedings have been closed or dismissed, or the automatic stay has been terminated or has expired, whichever occurs first.*

*The suspension of the statute of limitations under this section applies to the person the petition in bankruptcy is filed against and other persons who may also be wholly or partially liable for the tax.*

Sec. 22. [289A.10] [CONSENT TO EXTEND STATUTE.]

*Subdivision 1. [EXTENSION AGREEMENT.] If before the expiration of time prescribed in sections 289A.06 and 289A.08 for the assessment of tax or the filing of a claim for refund, both the commissioner and the taxpayer have consented in writing to the assessment or filing of a claim for refund after that time, the tax may be assessed or the claim for refund filed at any time before the expiration of the agreed upon period. The period may be extended by later agreements in writing before the expiration of the period previously agreed upon.*

*Subd. 2. [FEDERAL EXTENSIONS.] A taxpayer who consents to an extension of time for the assessment of federal income taxes must notify the commissioner within 90 days of the execution of the consent. The period in which the commissioner may recompute the tax is also extended, notwithstanding any period of limitations to the contrary, as follows:*

- (1) for the periods provided in section 289A.06, subdivisions 8 and 9;*
- (2) for six months following the expiration of the extended federal period of limitations when no change is made by the federal authority.*

Sec. 23. [289A.11] [CLAIMS FOR REFUNDS.]

*Subdivision 1. [GENERAL RIGHT TO REFUND.] (a) Subject to the requirements of this section and section 289A.08, a taxpayer who has paid a tax in excess of the taxes lawfully due and who files a written claim for refund will be refunded or credited the overpayment of the tax determined by the commissioner to be erroneously paid.*

*(b) The claim must specify the name of the taxpayer, the date when and the period for which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims was erroneously paid, the grounds on which a refund is claimed, and other information relative to the payment and in the form required by the commissioner. An income tax, estate tax, or corporate franchise tax return, or amended return claiming an overpayment constitutes a claim for refund.*

*(c) When, in the course of an examination, and within the time for requesting a refund, the commissioner determines that there has been an overpayment of tax, the commissioner shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the overpayment exceeds \$1, the amount of the overpayment must be refunded to the taxpayer. If the amount of the overpayment is less than \$1, the commissioner is not required to refund. In these situations, the commissioner does not have to make written findings or serve notice by mail to the taxpayer.*

*(d) If the amount allowable as a credit for withholding or estimated taxes exceeds the tax against which the credit is allowable, the amount of the excess is considered an overpayment.*

*(e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes, penalties, and interest reported in the return of the entertainment*

entity or imposed by section 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than \$1, the commissioner need not refund that amount.

(f) If the surety deposit required for a construction contract exceeds the liability of the out-of-state contractor, the commissioner shall refund the difference to the contractor.

(g) An action of the commissioner in refunding the amount of the overpayment does not constitute a determination of the correctness of the return of the taxpayer.

(h) There is appropriated from the general fund to the commissioner of revenue the amount necessary to pay refunds allowed under this section.

**Subd. 2. [REFUND OF SALES TAX TO VENDORS; LIMITATION.]** If a vendor has collected from a purchaser and remitted to the state a tax on a transaction that is not subject to the tax imposed by chapter 297A, the tax is refundable to the vendor only if and to the extent that it is credited to amounts due to the vendor by the purchaser or returned to the purchaser by the vendor.

**Subd. 3. [WITHHOLDING TAX AND ENTERTAINER WITHHOLDING TAX REFUNDS.]** When there is an overpayment of withholding tax by an employer or a person making royalty payments, or an overpayment of entertainer withholding tax by the payor, a refund allowable under this section is limited to the amount of the overpayment that was not deducted and withheld from employee wages or from the royalty payments, or from the compensation of an entertainer.

**Subd. 4. [NOTICE OF REFUND.]** The commissioner shall determine the amount of refund, if any, that is due, and notify the taxpayer of the determination as soon as practicable after a claim has been filed.

**Subd. 5. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT DEBTORS.]** (a) If a court of this state finds that a person obligated to pay child support is delinquent in making payments, the amount of child support unpaid and owing, including attorney fees and costs incurred in ascertaining or collecting child support, must be withheld from a refund due the person under chapter 290. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support, attorney fees, and costs are owed may petition the district or county court for an order providing for the withholding of the amount of child support, attorney fees, and costs unpaid and owing as determined by court order. The person from whom the refund may be withheld must be notified of the petition under the rules of civil procedure before the issuance of an order under this subdivision. The order may be granted on a showing to the court that required support payments, attorney fees, and costs have not been paid when they were due.

(b) On order of the court and on payment of \$3 to the commissioner, the commissioner shall withhold the money from the refund due to the person obligated to pay the child support. The amount withheld shall be remitted to the public agency responsible for child support enforcement or to the parent or guardian petitioning on behalf of the child, after any delinquent tax obligations of the taxpayer owed to the revenue department have been satisfied. An amount received by the responsible public agency or the petitioning parent or guardian in excess of the amount of public assistance spent for the benefit of the child to be supported, or the amount of any

support, attorney fees, and costs that had been the subject of the claim under this subdivision that has been paid by the taxpayer before the diversion of the refund, must be paid to the person entitled to the money. If the refund is based on a joint return, the part of the refund that must be paid to the petitioner is the proportion of the total refund that equals the proportion of the total federal adjusted gross income of the spouses that is the federal adjusted gross income of the spouse who is delinquent in making the child support payments.

(c) A petition filed under this subdivision remains in effect with respect to any refunds due under this section until the support money, attorney fees, and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support, attorney fees, and costs. If a petition is filed under this subdivision and a claim is made under chapter 270A with respect to the individual's refund and notices of both are received before the time when payment of the refund is made on either claim, the claim relating to the liability that accrued first in time must be paid first. The amount of the refund remaining must then be applied to the other claim.

Subd. 6. [OFFSETTING OF INCOME TAX REFUNDS.] Notwithstanding any other law to the contrary, in the case of an overpayment, the commissioner, within the applicable period of limitations, may credit the amount of the overpayment against a liability with respect to Minnesota income tax on the part of the person who made the overpayment or against a liability with respect to Minnesota income tax on the part of either spouse who filed a joint return for the taxable year in which the overpayment was made and must refund a balance of more than \$1 to the person if the taxpayer so requests.

Subd. 7. [REMEDIES.] (a) If the taxpayer is notified by the commissioner that the refund claim is denied in whole or in part, the taxpayer may:

(1) file an administrative appeal as provided in section 289A.16, or an appeal with the tax court, within 60 days after issuance of the commissioner's notice of denial; or

(2) file an action in the district court to recover the refund.

(b) An action in the district court on a denied claim for refund must be brought within 18 months of the date of the denial of the claim by the commissioner.

(c) No action in the district court or the tax court shall be brought within six months of the filing of the refund claim unless the commissioner denies the claim within that period.

(d) If a taxpayer files a claim for refund and the commissioner has not issued a denial of the claim, the taxpayer may bring an action in the district court or the tax court at any time after the expiration of six months of the time the claim was filed, but within four years of the date that the claim was filed.

(e) The commissioner and the taxpayer may agree to extend the period for bringing an action in the district court.

(f) An action for refund of tax by the taxpayer must be brought in the district court of the district in which lies the county of the taxpayer's residence or principal place of business. In the case of an estate or trust,

*the action must be brought at the principal place of its administration. Any action may be brought in the district court for Ramsey county.*

*Subd. 8. [MISTAKE DISCOVERED BY COMMISSIONER.] If money has been erroneously collected from a taxpayer or other person, the commissioner shall, within the period named in section 289A.08 for filing a claim for refund, and, subject to the provisions of section 270.07, subdivision 5, chapter 270A, and this section, grant a refund to that taxpayer or other person.*

**Sec. 24. [289A.12] [INTEREST PAYABLE TO COMMISSIONER.]**

*Subdivision 1. [INTEREST RATE.] When interest is required under this section, interest is computed at the rate specified in section 270.75.*

*Subd. 2. [LATE PAYMENT.] If a tax is not paid within the time named by law for payment, the unpaid tax bears interest from the date the tax should have been paid until the date the tax is paid.*

*Subd. 3. [EXTENSIONS.] When an extension of time for payment has been granted, interest must be paid from the date the payment should have been made, if no extension had been granted, until the date the tax is paid.*

*Subd. 4. [ADDITIONAL ASSESSMENTS.] When a taxpayer is liable for additional taxes because of a redetermination by the commissioner, or for any other reason, the additional taxes bear interest from the time the tax should have been paid, without regard to an extension allowed, until the date the tax is paid.*

*Subd. 5. [EXCESSIVE CLAIMS FOR REFUNDS UNDER CHAPTER 290A.] When it is determined that a claim for a property tax refund was excessive, the amount that the taxpayer must repay bears interest from the date the claim was paid until the date of repayment.*

*Subd. 6. [ERRONEOUS REFUNDS.] In the case of an erroneous refund, interest begins to accrue from the date the refund was paid unless the erroneous refund results from a mistake of the department, in which case no interest or penalty will be imposed, unless the deficiency assessment is not satisfied within 60 days of the order.*

*Subd. 7. [INSTALLMENT PAYMENTS; ESTATE TAX.] Interest must be paid on unpaid installment payments of the tax authorized under section 289A.028, subdivision 2, beginning on the date the tax was due without regard to extensions allowed or extensions elected, at the rate of interest in effect under section 270.75, nine months following the date of death.*

*Subd. 8. [INTEREST ON JUDGMENTS.] Notwithstanding section 549.09, if judgment is entered in favor of the commissioner with regard to any tax, the judgment bears interest at the rate given in section 270.75 from the date the judgment is entered until the date of payment.*

*Subd. 9. [INTEREST ON PENALTIES.] (a) A penalty imposed under section 289A.14, subdivision 1, 2, 3, 4, 5, or 6, bears interest from the date the return or payment was required to be filed or paid, including any extensions, to the date of payment of the penalty.*

*(b) A penalty not included in paragraph (a) bears interest only if it is not paid within ten days from the date of notice. In that case interest is imposed from the date of notice to the date of payment.*

**Sec. 25. [289A.13] [INTEREST ON OVERPAYMENTS.]**



*Subdivision 1. [INTEREST RATE.] When interest is due on an overpayment under this section, it must be computed at the rate specified in section 270.76.*

*Subd. 2. [CORPORATE FRANCHISE, INDIVIDUAL AND FIDUCIARY INCOME, AND ENTERTAINER TAX OVERPAYMENTS.] Interest must be paid on an overpayment refunded or credited to the taxpayer from the date of payment of the tax until the date the refund is paid or credited. For purposes of this subdivision, the prepayment of tax made by withholding of tax at the source or payment of estimated tax before the due date is considered paid on the last day prescribed by law for the payment of the tax by the taxpayer. A return filed before the due date is considered as filed on the due date.*

*When the amount of tax withheld at the source or paid as estimated tax or allowable as other refundable credits, or withheld from compensation of entertainers, exceeds the tax shown on the original return by \$10, the amount refunded bears interest from 90 days after (1) the due date of the return of the taxpayer, or (2) the date on which the original return is filed, whichever is later, until the date the refund is paid to the taxpayer. Where the amount to be refunded is less than \$10, no interest is paid. However, to the extent that the basis for the refund is a net operating loss carryback, interest is computed only from the end of the taxable year in which the loss occurs.*

*Subd. 3. [WITHHOLDING TAX, ENTERTAINER WITHHOLDING TAX, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, ESTATE TAX, AND SALES TAX OVERPAYMENTS.] When a refund is due for overpayments of withholding tax, entertainer withholding tax, withholding from payments to out-of-state contractors, estate tax, or sales tax, interest is computed from the date of payment to the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the later of the date the tax was finally due or was paid.*

*Subd. 4. [CAPITAL EQUIPMENT REFUNDS.] Notwithstanding subdivision 3, for refunds payable under section 297A.15, subdivision 5, interest is computed from the date the refund claim is filed with the commissioner.*

*Subd. 5. [SALES OR MOTOR VEHICLE EXCISE TAX; RETAILERS.] In the case of a refund allowed under section 297A.211, subdivision 3, interest is allowed only from the date on which the person has both registered as a retailer and filed a claim for refund.*

*Subd. 6. [PROPERTY TAX REFUNDS UNDER CHAPTER 290A.] (a) When a renter is owed a property tax refund, an unpaid refund bears interest after August 14, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.*

*(b) When any other claimant is owed a property tax refund, the unpaid refund bears interest after September 29, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.*

**Sec. 26. [289A.14] [CIVIL PENALTIES.]**

*Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax is not paid or amounts required to be withheld are not remitted within the time specified for payment, a penalty must be added to the amount required to be shown as tax. The penalty is three percent of the tax not paid on or*

before the date specified for payment of the tax if the failure is for not more than 30 days, with an additional penalty of three percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 24 percent in the aggregate.

**Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.]** If a taxpayer fails to make and file a return within the time prescribed or an extension, a penalty is added to the tax. The penalty is three percent of the amount of tax not paid on or before the date prescribed for payment of the tax including any extensions if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days, during which the failure continues, not exceeding 23 percent in the aggregate.

If a taxpayer fails to file a return, other than an income tax return of an individual, within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must not be less than the lesser of: (1) \$200; or (2) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) \$50.

**Subd. 3. [COMBINED PENALTIES.]** When penalties are imposed under subdivisions 1 and 2, except for the minimum penalty under subdivision 2, the penalties imposed under both subdivisions combined must not exceed 38 percent.

**Subd. 4. [SUBSTANTIAL UNDERSTATEMENT OF LIABILITY; PENALTY.]** The commissioner of revenue shall impose a penalty for substantial understatement of any tax payable to the commissioner, except a tax imposed under chapter 297A.

There must be added to the tax an amount equal to 20 percent of the amount of any underpayment attributable to the understatement. There is a substantial understatement of tax for the period if the amount of the understatement for the period exceeds the greater of: (1) ten percent of the tax required to be shown on the return for the period; or (2)(a) \$10,000 in the case of a corporation other than an S corporation as defined in section 290.9725 when the tax is imposed by chapter 290, or (b) \$5,000 in the case of any other taxpayer, and in the case of a corporation any tax not imposed by chapter 290. The term "understatement" means the excess of the amount of the tax required to be shown on the return for the period, over the amount of the tax imposed that is shown on the return. The amount of the understatement shall be reduced by that part of the understatement that is attributable to the tax treatment of any item by the taxpayer if there is or was substantial authority for the treatment, or any item with respect to which the relevant facts affecting the item's tax treatment are adequately disclosed in the return or in a statement attached to the return. The special rules in cases involving tax shelters provided in section 6662(d)(2)(C) of the Internal Revenue Code of 1986, as amended through December 31, 1989, shall apply and shall apply to a tax shelter the principal purpose of which is the avoidance or evasion of state taxes. The commissioner may abate all or any part of the addition to the tax provided by this section on a showing by the taxpayer that there was reasonable cause for the understatement, or part of it, and that the taxpayer acted in good faith. The additional tax and penalty shall bear interest at the rate specified in section

270.75 from the time the tax should have been paid until paid.

**Subd. 5. [PENALTY FOR INTENTIONAL DISREGARD OF LAW OR RULES.]** *If part of an additional assessment is due to negligence or intentional disregard of the provisions of the applicable tax laws or rules of the commissioner, but without intent to defraud, there must be added to the tax an amount equal to ten percent of the additional assessment.*

**Subd. 6. [PENALTY FOR FALSE OR FRAUDULENT RETURN, EVASION.]** *If a person files a false or fraudulent return, or attempts in any manner to evade or defeat a tax or payment of tax, there is imposed on the person a penalty equal to 50 percent of the tax, less amounts paid by the person on the basis of the false or fraudulent return, due for the period to which the return related.*

**Subd. 7. [PENALTY FOR FRIVOLOUS RETURN.]** *If an individual files what purports to be a tax return required by chapter 290 but which does not contain information on which the substantial correctness of the assessment may be judged or contains information that on its face shows that the assessment is substantially incorrect and the conduct is due to a position that is frivolous or a desire that appears on the purported return to delay or impede the administration of Minnesota tax laws, then the individual shall pay a penalty of \$500. In a proceeding involving the issue of whether or not a person is liable for this penalty, the burden of proof is on the commissioner.*

**Subd. 8. [PENALTY FOR FAILURE TO FILE INFORMATIONAL RETURN.]** *In the case of a failure to file an informational return required by section 289A.0218 with the commissioner on the date prescribed (determined with regard to any extension of time for filing), the person failing to file the return shall pay a penalty of \$50 for each failure or in the case of a partnership, S corporation, or fiduciary return, \$50 for each partner, shareholder, or beneficiary; but the total amount imposed on the delinquent person for all failures during any calendar year must not exceed \$25,000. If a failure to file a return is due to intentional disregard of the filing requirement, then the penalty imposed under the preceding sentence must not be less than an amount equal to:*

*(1) in the case of a return not described in clause (2) or (3), ten percent of the aggregate amount of the items required to be reported;*

*(2) in the case of a return required to be filed under section 289A.0218, subdivision 5, five percent of the gross proceeds required to be reported; and*

*(3) in the case of a return required to be filed under section 289A.0218, subdivision 9, relating to direct sales, \$100 for each failure; however, the total amount imposed on the delinquent person for intentional failures during a calendar year must not exceed \$50,000. The penalty must be collected in the same manner as a delinquent income tax.*

**Subd. 9. [PENALTIES FOR FAILURE TO GIVE ANNUAL REPORT INFORMATION BY EXEMPT INDIVIDUALS, CORPORATIONS.]** *In the case of a failure to give annual report information as prescribed by section 290.05, subdivision 4, the exempt individual or corporation shall pay the commissioner a penalty of \$100 for each failure.*

**Subd. 10. [PENALTY FOR FAILURE TO PROVIDE SOCIAL SECURITY NUMBER AS REQUIRED.]** *A person who is required by law to:*

(1) give the person's social security account number to another person; or  
(2) include in a return, statement, or other document made with respect to another person that individual's social security account number, who fails to comply with the requirement when prescribed, must pay a penalty of \$50 for each failure. The total amount imposed on a person for failures during a calendar year must not exceed \$25,000.

*Subd. 11. [PENALTIES RELATING TO INFORMATION REPORTS, WITHHOLDING.]* (a) When a person required under section 289A.0212, subdivision 2, to give a statement to an employee or payee and a duplicate statement to the commissioner, or to give a reconciliation of the statements and quarterly returns to the commissioner, gives 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 fails to give a statement or the reconciliation in the manner, when due, and showing the information required by section 289A.0212, subdivision 2, or rules prescribed by the commissioner under that section, that person is liable for a penalty of \$50 for an act or failure to act. The total amount imposed on the delinquent person for failures during a calendar year must not exceed \$25,000.

(b) In addition to any other penalty provided by law, an employee who gives a withholding exemption certificate or a residency affidavit to an employer that 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.

(c) In addition to any other penalty provided by law, an employer who fails to submit a copy of a withholding exemption certificate or a residency affidavit required by section 290.92, subdivision 5a, clause (1)(a), (1)(b), or (2) is liable to the commissioner of revenue for a penalty of \$50 for each instance.

(d) An employer or payor who fails to file an application for a withholding account number, as required by section 290.92, subdivision 24, is liable to the commissioner for a penalty of \$100.

*Subd. 12. [PENALTIES RELATING TO PROPERTY TAX REFUNDS.]* (a) If the commissioner determines that a property tax refund claim is or was excessive and was filed with fraudulent intent, the claim must be disallowed in full. If the claim has been paid, the amount disallowed may be recovered by assessment and collection.

(b) If it is determined that a property tax refund claim is excessive and was negligently prepared, ten percent of the corrected claim must be disallowed. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(c) An owner or managing agent who knowingly fails to give a certificate of rent constituting property tax to a renter, as required by section 290A.19, paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

(d) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported.

(e) A claim filed after the original or extended due date will be reduced by five percent of the amount otherwise allowable, plus an additional five percent for each month of delinquency, not exceeding a total reduction of 25 percent, which may be canceled or reduced by the commissioner if the delinquency is due to reasonable cause. In any event, no claim is allowed if the initial claim is filed more than one year after the original due date for filing the claim.

Subd. 13. [PENALTIES FOR TAX RETURN PREPARERS.] (a) If an understatement of liability with respect to a return or claim for refund is due to a willful attempt in any manner to understate the liability for a tax by a person who is a tax return preparer with respect to the return or claim, the person shall pay to the commissioner a penalty of \$500. If a part of a property tax refund claim is excessive due to a willful attempt in any manner to overstate the claim for relief allowed under chapter 290A by a person who is a tax refund or return preparer, the person shall pay to the commissioner a penalty of \$500 with respect to the claim. These penalties may not be assessed against the employer of a tax return preparer unless the employer was actively involved in the willful attempt to understate the liability for a tax or to overstate the claim for refund. These penalties are income tax liabilities and may be assessed at any time as provided in section 289A.06, subdivision 5.

(b) A civil action in the name of the state of Minnesota may be commenced to enjoin any person who is a tax return preparer doing business in this state from further engaging in any conduct described in paragraph (c). An action under this paragraph must be brought by the attorney general in the district court for the judicial district of the tax return preparer's residence or principal place of business, or in which the taxpayer with respect to whose tax return the action is brought resides. The court may exercise its jurisdiction over the action separate and apart from any other action brought by the state of Minnesota against the tax return preparer or any taxpayer.

(c) In an action under paragraph (b), if the court finds that a tax return preparer has:

(1) engaged in any conduct subject to a civil penalty under section 289A.14 or a criminal penalty under section 289A.15;

(2) misrepresented the preparer's eligibility to practice before the department of revenue, or otherwise misrepresented the preparer's experience or education as a tax return preparer;

(3) guaranteed the payment of any tax refund or the allowance of any tax credit; or

(4) engaged in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of state tax law, and injunctive relief is appropriate to prevent the recurrence of that conduct,

the court may enjoin the person from further engaging in that conduct.

(d) If the court finds that a tax return preparer has continually or repeatedly engaged in conduct described in paragraph (c), and that an injunction prohibiting that conduct would not be sufficient to prevent the person's interference with the proper administration of state tax laws, the court may enjoin the person from acting as a tax return preparer. The

*court may not enjoin the employer of a tax return preparer for conduct described in paragraph (c) engaged in by one or more of the employer's employees unless the employer was also actively involved in that conduct.*

*(e) For purposes of this subdivision, the term "understatement of liability" means an understatement of the net amount payable with respect to a tax imposed by state tax law, or an overstatement of the net amount creditable or refundable with respect to a tax. The determination of whether or not there is an understatement of liability must be made without regard to any administrative or judicial action involving the taxpayer. For purposes of this subdivision, the amount determined for underpayment of estimated tax under either section 289A.026 or 289A.027 is not considered an understatement of liability.*

*(f) For purposes of this subdivision, the term "overstatement of claim" means an overstatement of the net amount refundable with respect to a claim for property tax relief provided by chapter 290A. The determination of whether or not there is an overstatement of a claim must be made without regard to administrative or judicial action involving the claimant.*

*(g) For purposes of this section, the term "tax refund or return preparer" means an individual who prepares for compensation, or who employs one or more individuals to prepare for compensation, a return of tax, or a claim for refund of tax. The preparation of a substantial part of a return or claim for refund is treated as if it were the preparation of the entire return or claim for refund. An individual is not considered a tax return preparer merely because the individual:*

- (1) gives typing, reproducing, or other mechanical assistance;*
- (2) prepares a return or claim for refund of the employer, or an officer or employee of the employer, by whom the individual is regularly and continuously employed;*
- (3) prepares a return or claim for refund of any person as a fiduciary for that person; or*
- (4) prepares a claim for refund for a taxpayer in response to a tax order issued to the taxpayer.*

*Subd. 14. [PENALTY FOR USE OF SALES TAX EXEMPTION CERTIFICATES TO EVADE TAX.] A person who uses an exemption certificate to buy property that will be used for purposes other than the exemption claimed, with the intent to evade payment of sales tax to the seller, is subject to a penalty of \$100 for each transaction where that use of an exemption certificate has occurred.*

*Subd. 15. [ACCELERATED PAYMENT OF JUNE SALES TAX LIABILITY; PENALTY FOR UNDERPAYMENT.] If a vendor is required by law to submit an estimation of June sales tax liabilities and one-half payment by a certain date, and the vendor fails to remit the balance due by the date required, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of: (1) 45 percent of the actual June liability, or (2) 50 percent of the preceding May's liability.*

*Subd. 16. [PENALTY FOR SALES AFTER REVOCATION.] A person who engages in the business of making retail sales after revocation of a permit under section 297A.07 is liable for a penalty of \$100 for each day*

*the person continues to make taxable sales.*

*Subd. 17. [OPERATOR OF FLEA MARKETS; PENALTY.] A person who fails to comply with the provisions of section 297A.041 is subject to a penalty of \$100 for each day of each selling event that the operator fails to obtain evidence that a seller is the holder of a valid seller's permit issued under section 297A.04.*

*Subd. 18. [PAYMENT OF PENALTIES.] The penalties imposed by this section are collected and paid in the same manner as taxes.*

*Subd. 19. [PENALTIES ARE ADDITIONAL.] The civil penalties imposed by this section are in addition to the criminal penalties imposed by this chapter.*

**Sec. 27. [289A.15] [CRIMINAL PENALTIES.]**

*Subdivision 1. [PENALTIES FOR KNOWING FAILURE TO FILE OR PAY; WILLFUL EVASION.] (a) A person required to file a return, report, or other document with the commissioner, who knowingly, rather than accidentally, inadvertently, or negligently, fails to file it when required, is guilty of a gross misdemeanor. A person required to file a return, report, or other document who willfully attempts in any manner to evade or defeat a tax by failing to file it when required, is guilty of a felony.*

*(b) A person required to pay or to collect and remit a tax, who knowingly, rather than accidentally, inadvertently, or negligently, fails to do so when required, is guilty of a gross misdemeanor. A person required to pay or to collect and remit a tax, who willfully attempts to evade or defeat a tax law by failing to do so when required, is guilty of a felony.*

*Subd. 2. [FALSE OR FRAUDULENT RETURNS; PENALTIES.] (a) A person who files with the commissioner a return, report, or other document, known by the person to be fraudulent or false concerning a material matter, is guilty of a felony.*

*(b) A person who knowingly aids or assists in, or advises in the preparation or presentation of a return, report, or other document that is fraudulent or false concerning a material matter, whether or not the falsity or fraud committed is with the knowledge or consent of the person authorized or required to present the return, report, or other document, is guilty of a felony.*

*Subd. 3. [SALES WITHOUT PERMIT; VIOLATIONS.] (a) A person who engages in the business of making retail sales in Minnesota without the permit or permits required under chapter 297A, or a responsible officer of a corporation who so engages in business, is guilty of a gross misdemeanor.*

*(b) A person who engages in the business of making retail sales in Minnesota after revocation of a permit under section 297A.07, when the commissioner has not issued a new permit, is guilty of a felony.*

*Subd. 4. [ADVERTISING NO SALES OR USE TAX; VIOLATION.] It is a misdemeanor for a person to broadcast or publish, or arrange to have broadcast or published, an advertisement in a publication or broadcast media, printed, distributed, broadcast, or intended to be received in this state, that states that no sales or use tax is due, when the person knows the advertisement is false.*

*Subd. 5. [EMPLOYEE GIVING EMPLOYER FALSE INFORMATION.] An employee required to supply information to an employer under section*

290.92, subdivisions 4a and 5, who knowingly fails to supply information or who knowingly supplies false or fraudulent information to an employer, is guilty of a gross misdemeanor.

*Subd. 6. [COLLECTION OF TAX; PENALTY.] An agent, canvasser, or employee of a retailer, who is not authorized by permit from the commissioner, may not collect the sales tax as imposed by chapter 297A, nor sell, solicit orders for, nor deliver, any tangible personal property in this state. An agent, canvasser, or employee violating the provisions of sections 297A.14 to 297A.25 is guilty of a misdemeanor.*

*Subd. 7. [UNAUTHORIZED DISCLOSURE.] Any person disclosing any particulars of any tax return, without the written consent of the taxpayer making such return, in violation of the provisions of section 290.611, is guilty of a gross misdemeanor.*

*Subd. 8. [CRIMINAL PENALTIES.] Criminal penalties imposed by this section are in addition to any civil penalties imposed by this chapter.*

*Subd. 9. [STATUTE OF LIMITATIONS.] Notwithstanding section 628.26, or any other provision of the criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon a criminal offense named in this section, in the proper court within six years after the offense is committed.*

*Subd. 10. [PERSON DEFINED.] The term "person" as used in this section includes any officer or employee of a corporation or a member or employee of a partnership who as an officer, member, or employee is under a duty to perform the act in respect to which the violation occurs.*

Sec. 28. Minnesota Statutes 1988, section 290.05, subdivision 4, is amended to read:

Subd. 4. (a) Corporations, individuals, estates, trusts or organizations claiming exemption under the provisions of subdivision 2 shall furnish information as to concerning their exempt status under the Internal Revenue Code.

(b) Such Corporations, individuals, estates, trusts, and organizations shall file with the commissioner of revenue a copy of any an annual report that is required to be filed with the Internal Revenue Service, no later than ten days after filing the same it with the Internal Revenue Service. Any An annual report required of a pension plan under sections 6057 to 6059 of the Internal Revenue Code of 1954, does not need to be filed with the commissioner.

Any person required to file a copy of a federal return pursuant to the preceding paragraph who willfully fails to file such return shall be guilty of a misdemeanor.

(c) In the event that If the Internal Revenue Service revokes, cancels or suspends, in whole or part, the exempt status of any corporation, individual, estate, trust or organization referred to in clause paragraph (a), or if the amount of gross income, deductions, credits, items of tax preference or taxable income is changed or corrected by either the taxpayer or the Internal Revenue Service, or if the taxpayer consents to any extension of time for assessment of federal income taxes such, the corporation, individual, estate, trust or organization shall notify the commissioner in writing of such the action within 90 days thereafter after that date.



(d) The periods of limitations contained in section ~~290.56~~ *shall* 289A.10, subdivision 2, apply ~~whenever~~ *when* there has been any action referred to in ~~clause~~ *paragraph* (c), notwithstanding any period of limitations to the contrary.

Sec. 29. Minnesota Statutes Second 1989 Supplement, section 290.92, subdivision 4b, is amended to read:

Subd. 4b. [WITHHOLDING BY PARTNERSHIPS.] (a) A partnership shall deduct and withhold a tax as provided in paragraph (b) when the partnership pays or credits amounts to any of its nonresident individual partners on account of their distributive shares of partnership income for a taxable year of the partnership.

(b) The amount of tax withheld is determined by multiplying the partner's distributive share allocable to Minnesota under section 290.17, paid or credited during the taxable year by the highest rate used to determine the income tax liability for an individual under section 290.06, subdivision 2c, except that the amount of tax withheld may be determined based on tables provided by the commissioner if the partner submits a withholding exemption certificate under subdivision 5.

~~(c) A partnership required to deduct and withhold tax under this subdivision shall file a return with the commissioner. The tax required to be deducted and withheld during that year must be paid with the return. The return and payment is due on or before the due date specified for filing the partnership return under section 290.42.~~

~~(d) A partnership required to withhold and remit tax under this subdivision is liable for payment of the tax to the commissioner, and a person having control of or responsibility for the withholding of the tax or the filing of returns due under this subdivision is personally liable for the tax due. The commissioner may reduce or abate the tax withheld under this subdivision if the partnership had reasonable cause to believe that no tax was due under this section.~~

~~(e) (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold tax for a nonresident partner if:~~

~~(1) the partner elects to have the tax due paid as part of the partnership's composite return under section 290.39, subdivision 5;~~

~~(2) the partner has Minnesota assignable federal adjusted gross income from the partnership of less than \$1,000; or~~

~~(3) the partnership is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year; or~~

~~(4) the distributive shares of partnership income are attributable to:~~

~~(i) income required to be recognized because of discharge of indebtedness;~~

~~(ii) income recognized because of a sale, exchange, or other disposition of real estate, depreciable property, or property described in section 179 of the Internal Revenue Code of 1986, as amended through December 31, 1988; or~~

~~(iii) income recognized on the sale, exchange, or other disposition of any property that has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of the Internal Revenue Code of 1986,~~

as amended through December 31, 1988,

to the extent that the income does not include cash received or receivable or, if there is cash received or receivable, to the extent that the cash is required to be used to pay indebtedness by the partnership or a secured debt on partnership property.

~~(f)~~ (e) For purposes of ~~subdivisions 6, paragraph (1)(e), subdivision 6a, 7, 11, and 15, and sections 289A.0212, subdivision 2, 289A.025, subdivision 2, paragraph (c), 289A.11, 289A.13, 289A.14, and 289A.15,~~ a partnership is considered an employer.

~~(g)~~ (f) To the extent that income is exempt from withholding under paragraph ~~(e)~~ (d), clause (4), the commissioner has a lien in an amount up to the amount that would be required to be withheld with respect to the income of the partner attributable to the partnership interest, but for the application of paragraph ~~(e)~~ (d), clause (4). The lien arises under section 270.69 from the date of assessment of the tax against the partner, and attaches to that partner's share of the profits and any other money due or to become due to that partner in respect of the partnership. Notice of the lien may be sent by mail to the partnership, without the necessity for recording the lien. The notice has the force and effect of a levy under section 270.70, and is enforceable against the partnership in the manner provided by that section. Upon payment in full of the liability subsequent to the notice of lien, the partnership must be notified that the lien has been satisfied.

Sec. 30. Minnesota Statutes 1989 Supplement, section 290.92, subdivision 4c, is amended to read:

Subd. 4c. [WITHHOLDING BY SMALL BUSINESS CORPORATIONS.] (a) A corporation having a valid election in effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b) when it pays or credits amounts to any of its nonresident individual shareholders as dividends or as their share of the corporations's undistributed taxable income for the taxable year.

(b) The amount of tax withheld is determined by multiplying the amount of dividends or undistributed income allocable to Minnesota under section 290.17, paid or credited to a nonresident shareholder during the taxable year by the highest rate used to determine the income tax liability of an individual under section 290.06, subdivision 2c, except that the amount of tax withheld may be determined based on tables provided by the commissioner if the shareholder submits a withholding exemption certificate under subdivision 5.

~~(c) A corporation required to deduct and withhold tax under this subdivision shall file a return with the commissioner. The tax required to be deducted and withheld during that year must be paid with the return. The return and payment is due on or before the due date specified for filing the corporate income tax return under section 290.42.~~

~~(d) A corporation required to withhold and remit tax under this section is liable for payment of the tax to the commissioner, and a person having control of or responsibility for the withholding of the tax or the filing of returns due under this subdivision is personally liable for the tax due.~~

~~(e) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold tax for a nonresident shareholder, if:~~

(1) the shareholder elects to have the tax due paid as part of the corporation's composite return under section 290.39, subdivision 5;

(2) the shareholder has Minnesota assignable federal adjusted gross income from the corporation of less than \$1,000; or

(3) the corporation is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year.

~~(f) (d)~~ For purposes of ~~subdivisions 6, paragraph 4(e), subdivision 6a, 7, 11, and 15, and sections 289A.0212, subdivision 2, 289A.025, subdivision 2, paragraph (c), 289A.11, 289A.13, 289A.14, and 289A.15,~~ a corporation is considered an employer.

Sec. 31. Minnesota Statutes 1988, section 290.92, subdivision 6a, is amended to read:

Subd. 6a. [FAILURE TO COMPLY WITH WITHHOLDING PROVISIONS.] (a) ~~Whenever any~~ When a person who is required to deduct, withhold, pay over, or deposit any tax imposed by this chapter, at the time and in the manner prescribed by law or rules fails to deduct, withhold, or pay over ~~such the~~ tax, or fails to make deposits or payments of ~~such the~~ tax and is notified of ~~any such the~~ failure by notice served upon the person in the manner prescribed for service of a summons in civil actions, then ~~all the~~ requirements of paragraph (b) shall be ~~complied with met~~. In the case of a corporation, partnership or trust, notice served upon an officer, partner or trustee shall, for purposes of this subdivision, be ~~deemed to be considered~~ notice served upon ~~such the~~ corporation, partnership, or trust and ~~all their~~ officers, partners, or trustees ~~thereof~~.

(b) ~~Any~~ A person who is required to deduct, withhold, pay over, or deposit ~~any a~~ tax imposed by this chapter, if notice has been served upon ~~such that~~ person in accordance with paragraph (a), shall ~~thereafter after that date~~ deduct, withhold, and collect ~~such the~~ taxes and shall (not later than the end of the second banking day after any amount of such taxes is deducted, withheld or collected) deposit ~~such the~~ taxes in a separate account in a bank, savings bank or savings and loan association and shall keep the amount of ~~such the~~ taxes in ~~such that~~ account until ~~payment over paid~~ to the state of Minnesota. ~~Any such~~ The account shall ~~constitute constitutes~~ and ~~must~~ be designated as a special fund in trust for the state of Minnesota payable to the state of Minnesota by ~~such that~~ person as trustee. ~~It shall be the duty of such~~ The person upon whom ~~such~~ notice is served ~~to shall~~ notify the commissioner of revenue in writing of the name and address of the bank, savings bank or savings and loan association wherein ~~such the~~ account is kept, together with ~~such~~ other information as the commissioner may require. In lieu of the trust fund account, the commissioner may, when necessary ~~in order~~ to secure the withholding of the tax imposed by this chapter, require an employer to file with the department of revenue a bond in an amount determined by the commissioner, or in lieu ~~thereof of it~~, security in a form and in an amount as the commissioner determines, not ~~to exceed more than~~ twice the estimated average liability for future monthly withholding tax periods.

(c) The commissioner of revenue, on being satisfied with respect to any notification made under paragraph (a) ~~of this subdivision that all the~~ requirements of law and rules with respect to the taxes imposed by this chapter have been and will ~~henceforth~~ be complied with, may cancel ~~such~~

~~the notification. Such~~ The cancellation shall take effect at ~~such~~ the time as is specified in the notice of ~~such~~ the cancellation. All notices authorized or required under this subdivision shall ~~must~~ be in ~~such~~ the form as the commissioner may ~~determine~~ determines.

(d) Any person who fails to comply with any provisions of this subdivision shall, in addition to any other penalties provided by law, be guilty of a gross misdemeanor, except that the provisions of this paragraph shall not apply

(1) to any person if such person shows that there was reasonable doubt as to (a) whether the law required deduction, withholding or payment of tax or (b) what person was required by law to deduct, withhold or pay; or

(2) to any person, if such person shows that the failure to comply with the provisions of paragraph (b) is due to circumstances beyond the person's control. A lack of funds existing immediately after the payment of wages (whether or not created by such payment) shall not be considered to be circumstances beyond the control of a person.

Sec. 32. Minnesota Statutes 1988, section 290.92, subdivision 24, is amended to read:

Subd. 24. [APPLICATION FOR ACCOUNT NUMBER.] An employer, or person withholding tax under section 290.923, desiring to engage in business in Minnesota shall file with the commissioner an application for a withholding account number on or before the due date of the first payment required to be made under the provisions of subdivision 6. An application for an account number shall ~~must~~ be made upon a form prescribed by the commissioner and shall set forth. *It must give* the name of the employer or payor, the location of the place or places of business, the names, addresses and social security numbers of the owners or partners, or if the employer or payor is a corporation of the officers, or if the employer or payor is a trust of the trustees, and ~~such~~ other information as the commissioner may require. The application shall ~~must~~ be filed by the owner if the employer or payor is a natural person; by a member or partner if the employer or payor is an association or partnership; by a trustee if the employer or payor be a trust, or by a person authorized to sign the application if the employer or payor is a corporation.

No fee shall be charged for the application.

The account number is not assignable.

An employer or payor who fails to file an application for a withholding account number shall be liable to the commissioner for a penalty of \$100. The penalty shall be collected in the same manner as delinquent withholding tax is collected. The commissioner may abate this penalty.

Sec. 33. Minnesota Statutes 1989 Supplement, section 290.9201, subdivision 7, is amended to read:

Subd. 7. [WITHHOLDING ON COMPENSATION OF ENTERTAINERS.] The tax on compensation of an entertainer must be withheld at a rate of two percent of all compensation paid to the entertainment entity by the person or corporation having legal control of the payment of the compensation. The payor is liable to the state for the payment of the tax required to be deducted and withheld, and is not liable to a person for the amount of the payment. The compensation subject to withholding under this section is not subject to the withholding provisions of section 290.92, subdivision

2a, 3, or 28, except the provisions of ~~section~~ *sections* 290.92, subdivisions 6a, 7, 14, 15, and 18, 270.06, *paragraph* (16), 289A.0212, *subdivision* 2, 289A.14, and 289A.15 shall apply to withholding under this section as if the withholding were upon wages.

Sec. 34. Minnesota Statutes 1989 Supplement, section 290.9201, subdivision 8, is amended to read:

Subd. 8. [DEPOSIT OF ENTERTAINER WITHHOLDING.] (a) The person or corporation having legal control of the payment of compensation taxable under this section shall deposit the earnings tax with the commissioner, ~~and shall file an entertainer withholding tax return with the commissioner, within 30 days of each performance.~~

(b) ~~The withholding tax return must be in the form prescribed by the commissioner.~~

Sec. 35. Minnesota Statutes 1989 Supplement, section 290.9705, subdivision 4, is amended to read:

Subd. 4. [DEPOSITS USED AS SURETY FOR COMPLIANCE WITH INCOME AND SALES TAX PROVISIONS.] The amounts deposited with the commissioner under ~~subdivisions 2 and 3~~ *subdivision 1* are considered a surety to guarantee payment of income, franchise, withholding, and sales and use taxes of the contractor. The commissioner shall retain the money deposited until the commissioner determines the contractor's liability for state income, franchise, sales and use taxes, and taxes withheld under section 290.92. ~~If the deposit exceeds the liability, the commissioner shall refund the difference to the contractor with interest at the rate specified in section 270.76 computed from the dates the amounts were deposited with the commissioner.~~

Sec. 36. Minnesota Statutes Second 1989 Supplement, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. A claimant who is a renter or a homeowner who occupies a manufactured home, as defined in section 274.19, subdivision 8, paragraph (c), shall receive full payment after August 1 and ~~prior to before~~ *before* August 15 or 60 days after receipt of the application, whichever is later. ~~Interest shall be added at the rate specified in section 270.76 from August 15 or 60 days after receipt of the application whichever is later.~~

Sec. 37. Minnesota Statutes 1988, section 290A.07, subdivision 3, is amended to read:

Subd. 3. ~~Any~~ A claimant not included in subdivision 2a shall receive full payment after September 15 and ~~prior to before~~ *before* September 30. ~~Interest shall be added at the rate specified in section 270.76 from September 30 or 60 days after receipt of the application, whichever is later. Interest will be computed until the date the claim is paid.~~

Sec. 38. Minnesota Statutes 1988, section 290A.19, is amended to read:

290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; ~~PENALTY.~~]

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall ~~must~~ furnish a certificate of rent constituting property tax to ~~each~~ a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves ~~prior to before~~ *before* December 31, the owner or managing agent ~~has the option to either~~

~~provide~~ *may give* the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate ~~shall~~ *must* be made available to the renter ~~not later than January 31 before February 1~~ of the year following the year in which the rent was paid.

~~(b) Any owner or managing agent who willfully fails to furnish a certificate to the renter and the commissioner as required by this section is liable to the commissioner for a penalty of \$100 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax. If the owner or managing agent willfully furnishes certificates that report total rent constituting property taxes in excess of the amount of actual property taxes paid on the rented part of a property, as determined under this section, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. If the owner or managing agent reports a total amount of rent constituting property taxes that exceeds by ten percent or more the actual property taxes, the report is deemed to be willful.~~

~~(e)~~ If the owner or managing agent ~~elects to provide~~ *provides* the renter with the certificate at the time of moving, rather than after December 31, the amount of rent constituting property taxes ~~shall~~ *must* be computed as follows:

(i) The net tax ~~shall~~ *must* be reduced by 1/12 for each month remaining in the calendar year.

(ii) In calculating the denominator of the fraction ~~pursuant to~~ *under* section 290A.03, subdivision 11, the gross rent paid through the last month of claimant's occupancy ~~shall~~ *must* be substituted for "the gross rent paid for the calendar year for the property in which the unit is located."

~~(d)~~ (c) The certificate of rent constituting property taxes ~~shall~~ *must* include the address of the property, including the county, and the property tax parcel identification number and any additional information ~~which that~~ the commissioner determines is appropriate.

~~(e)~~ (d) If the owner or managing agent fails to provide the renter with a certificate of rent constituting property taxes, the commissioner shall allocate the net tax on the building to the unit on a square footage basis or other appropriate basis as the commissioner determines. The renter shall supply the commissioner with a statement from the county treasurer ~~which that~~ gives the amount of property tax on the parcel, the address and property tax parcel identification number of the property, and the number of units in the building.

~~(f)~~ The owner or managing agent ~~must file a copy of the certificate of rent paid with the commissioner before April 15 of the year following the year in which the rent was paid.~~ The commissioner may require that each owner or managing agent report on a single form the total property taxes for a property and the allocation of the property taxes as rent constituting property taxes among the renters of the property.

Sec. 39. Minnesota Statutes 1988, section 297A.03, subdivision 2, is amended to read:

Subd. 2. It shall be unlawful for any retailer to advertise or hold out or state to the public or any customer, directly or indirectly, that the tax or

any part thereof will be assumed or absorbed by the retailer, or that it will not be added to the sales price or that, if added, it or any part thereof will be refunded except that In computing the tax to be collected as the result of any transaction amounts of tax less than one-half of one cent may be disregarded and amounts of tax if of one-half cent or more may be considered an additional cent. If the sales price of any sale at retail is eight cents or less, no tax shall be collected. Any person violating this provision shall be guilty of a misdemeanor.

Sec. 40. Minnesota Statutes 1988, section 297A.041, is amended to read:

**297A.041 [OPERATOR OF FLEA MARKETS; SELLER'S PERMITS REQUIRED; PENALTY.]**

The operator of a flea market, craft show, antique show, coin show, stamp show, comic book show, convention exhibit area, or similar selling event, as a prerequisite to renting or leasing space on the premises owned or controlled by the operator to a person desiring to engage in or conduct business as a seller, shall obtain evidence that the seller is the holder of a valid seller's permit issued pursuant to under section 297A.04, or a written statement from the seller that the seller is not offering for sale any item that is taxable under this chapter.

Flea market, craft show, antique show, coin show, stamp show, comic book show, convention exhibit area, or similar selling event, as used in this section, means an activity involving a series of sales sufficient in number, scope, and character to constitute a regular course of business, and which that would not qualify as an isolated or occasional sale pursuant to under section 297A.25, subdivision 12.

Any operator who fails or refuses to comply with the provisions of this section shall be subject to a penalty payable to the commissioner of revenue of \$100 for each day of each selling event that the operator fails to obtain evidence that the seller is the holder of a valid seller's permit issued pursuant to section 297A.04.

This section does not apply to an operator of a flea market, craft show, antique show, coin show, stamp show, comic book show, convention exhibit area, or similar selling event which that is: (1) held in conjunction with a community sponsored festival which that has a duration of four or fewer consecutive days no more than once a year; or (2) conducted by a nonprofit organization annually or less frequently.

Sec. 41. Minnesota Statutes 1989 Supplement, 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, as defined in section 297A.21, subdivision 1, 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. 42. Minnesota Statutes 1988, section 297A.18, is amended to read:

297A.18 [~~ADVERTISING NO TAX; MINIMUM TAX.~~]

~~It shall be unlawful for any retailer to advertise or hold out or state to the public or to any customer, directly or indirectly, that the use tax or any part thereof will be assumed or absorbed by the retailer, or that it will not be added to the sales price or that, if added, it or any part thereof will be refunded except that In computing the tax to be collected as the result of any transaction amounts of tax less than one-half of one cent may be disregarded and amounts of tax of one-half cent or more may be considered an additional cent.~~

~~It is unlawful for a person to broadcast or publish, or arrange to have broadcast or published, an advertisement in a publication or broadcast media, printed, distributed, broadcast, or intended to be received in this state, that states that no sales or use tax is due under this chapter, when the person knows the advertisement is false.~~

Sec. 43. Minnesota Statutes 1988, section 297A.211, subdivision 3, is amended to read:

Subd. 3. ~~Any~~ A person who pays the tax to the seller as provided in under section 297A.03 or pays the tax to the motor vehicle registrar as required by section 297B.02 and who meets the requirements of section 297A.211 at the time of the sale, except that the person has not registered as a retailer pursuant to under this section at the time of the sale, may register as a retailer, make a return, and file for a refund of the difference between the tax calculated under section 297A.02, 297A.14, or 297B.02 and the tax calculated under subdivision 2. ~~The person must file for a refund within the time limitations provided in section 297A.35. Notwithstanding the provisions of section 297A.35, subdivision 1, interest shall be allowed for any refund allowed under this subdivision only from the date on which the person has both registered as a retailer and filed a claim for refund.~~

Sec. 44. [PURPOSE.]

*It is the intent of the legislature to simplify Minnesota's tax laws by consolidating and recodifying tax administration and compliance provisions now contained in several chapters of Minnesota Statutes. Due to the complexity of the recodification, prior provisions are repealed on the effective date of the new provisions. The repealed provisions, however, continue to remain in effect until superseded by the analogous provision in the new law.*

Sec. 45. [REPEALER.]

*Minnesota Statutes 1988, sections 270.651; 290.05, subdivision 5; 290.067, subdivision 5; 290.281, subdivision 5; 290.29; 290.37, as amended by Laws 1989, First Special Session chapter 1, article 10, section 32; 290.39, as amended by Laws 1989, chapter 335, article 1, section 188; 290.391; 290.40; 290.41; 290.42; 290.43; 290.44; 290.45; 290.46; 290.47; 290.49; 290.50, as amended by Laws 1989, chapter 184, article 2, section 20; 290.521; 290.522; 290.523, as amended by Laws 1989, chapter 184, article 2, section 21; 290.53, subdivisions 1, 1a, 2, 2a, 3, 3a, 4, 7, 8, 9, 10, and 11; 290.54; 290.56; 290.57; 290.58; 290.59; 290.611, subdivision 5; 290.65; 290.92, subdivisions 6, 7, 8, 11, 13, 14, 15, and 18; 290.923, subdivision 7; 290.93; 290.931; 290.932; 290.933; 290.934, as amended by Laws 1989, First Special Session chapter 1, article 10, section 37; 290.935; 290.936; 290.974; 290A.06; 290A.11, subdivisions 1, 2, 3, and*



4; 290A.111; 290A.112, as amended by Laws 1989, chapter 184, article 2, section 26; 290A.12; 291.09; 291.11; 291.131; 291.14; 291.15, subdivisions 1 and 3; 291.215, subdivisions 2 and 3; 291.31, subdivision 1; 291.32; 297A.08; 297A.121; 297A.15, subdivision 3; 297A.26, subdivisions 1 and 4; 297A.27; 297A.275; 297A.30; 297A.31; 297A.32; 297A.33, subdivisions 1, 3, 4, and 5; 297A.34; 297A.35; 297A.39, subdivisions 1, 2, 2a, 3, 4, 7, and 8; 297A.40; 297A.41; 297A.42; and 297A.44, subdivision 2, are repealed. Minnesota Statutes 1989 Supplement, sections 290.9201, subdivisions 4, 5, 9, and 10; 290.9705, subdivision 2; 290A.11, subdivision 1a; and 297A.20, are repealed. Minnesota Statutes Second 1989 Supplement, sections 270.77 and 290.38 are repealed. Minnesota Rules, parts 8052.0100, 8052.0200, and 8130.7800, are repealed.

#### Sec. 46. [INSTRUCTIONS TO REVISOR.]

(a) If a provision of a section of Minnesota Statutes repealed or amended by this article is amended by the 1990 regular session, the revisor shall codify the amendment consistent with the recodification of the affected section by this act, notwithstanding any law to the contrary.

(b) In the next edition of Minnesota Statutes, in the sections referred to in column A, the revisor of statutes shall delete the reference in column B and insert the reference in column C. The revisor may change the references in column C to the sections of Minnesota Statutes in which the bill sections are compiled.

Column A	Column B	Column C
60A.15, subd. 6	290.53, subd. 1	289A.14, subd. 1
60A.15, subd. 9a	290.53, subd. 2	289A.14, subd. 2
60A.15, subd. 9b	290.53, subd. 3a	289A.14, subd. 6
60A.15, subd. 9c	290.53, subd. 3	289A.14, subd. 5
60A.15, subd. 9d	290.53, subd. 4	289A.15, subs. 1 and 3
60A.199, subd. 4	290.53, subd. 2	289A.14, subd. 2
60A.199, subd. 5	290.53, subd. 3a	289A.14, subd. 6
60A.199, subd. 6	290.53, subd. 3	289A.14, subd. 5
69.59	290.53	289A.14
115B.24, subd. 4	290.936	289A.11
270.10, subd. 1	290.42, clause (6)	289A.024, subs. 1 and 2
270A.07, subd. 5	290.92, subd. 13, clause (1)	289A.13, subd. 2
290.01, subd. 10	290.40(2)	289A.021, subd. 5
290.05, subd. 4	290.56	289A.06, subs. 8 and 9
290.095, subd. 7	290.37, subd. 1	289A.021, subd. 9
290.095, subd. 9	290.46	289A.08
290.095, subd. 9	290.50	289A.11
290.30	290.29	289A.029, subd. 3
290.371, subd. 2	290.37	289A.021
290.923, subd. 3	290.92, subd. 6	289A.0212 and 289A.025, subd. 2
290.923, subd. 4	290.92, subd. 7	289A.0212, subd. 2
290A.24	290.93	289A.026
291.09, subd. 3a	291.11	289A.10, subd. 1

297.09, subd. 1	Minnesota Statutes 1945, 290.56 to 290.58	270.06
297.37, subd. 1	290.56 to 290.58	270.06
297A.04	297A.27, subd. 2	289A.0216, subd. 3
297A.15, subd. 5	297A.34	289A.08
297A.211, subd. 2	297A.26 and 297A.27	289A.025, subd. 4 and 289A.0216
297A.211, subd. 3	297A.35	289A.08
299F21, subd. 2	290.53, subd. 1	289A.14, subd. 1
299F23, subd. 2	290.53, subd. 2	289A.14, subd. 2
299F23, subd. 3	290.53, subd. 3a	289A.14, subd. 6
299F23, subd. 4	290.53, subd. 3	289A.14, subd. 5
302A.821, subd. 1	290.37	289A.021
302A.821, subd. 1	290.974	289A.0218, subd. 3
349.2121, subd. 6	297A.39	289A.14
356.62	290.41	289A.0218
356.62	290.42	289A.0218
388.051, subd. 2	290.53, subds. 4 and 11	289A.15, subds. 1, 2, 4, and 6
	290.92, subd. 15	
	290A.11, subd. 2	
	297A.08	
	297A.39, subds. 4 and 8	
469.171, subd. 10	290.50	289A.11
588.21	290.39, subd. 1	289A.04, subd. 3

Sec. 47. [EFFECTIVE DATES.]

*Sections 1, 2, and 44 are effective the day following final enactment.*

*Sections 15 and 16 are effective for audits or investigations initiated on or after August 1, 1990.*

*Section 17 is effective for assessments or other determinations made on or after August 1, 1990.*

*Section 18 is effective for returns becoming due on or after August 1, 1990.*

*Sections 20 and 23 are effective for overpayments of taxes or other payments first becoming due on or after August 1, 1990.*

*Section 24 is effective for interest on amounts first becoming due to the commissioner on or after August 1, 1990.*

*Sections 3 to 14 and 25 are effective for returns, reports, taxes, or other payments first becoming due on or after August 1, 1990, except that the exclusion for foreign operating corporations from the filing requirements in section 3 is effective on the effective date of Minnesota Statutes, section 290.01, subdivision 6b.*

*Section 26 is effective for payments, returns, reports, or other documents first becoming due, or acts committed, on or after August 1, 1990.*

*Section 27 is effective for crimes committed on or after August 1, 1990.*

*Sections 19, 21, 22, 28 to 43, and 45 are effective August 1, 1990.*

ARTICLE 2  
COLLECTIONS

Section 1. Minnesota Statutes 1989 Supplement, section 270.06, is amended to read:

270.06 [POWERS AND DUTIES.]

The commissioner of revenue shall:

(1) have and exercise general supervision over the administration of the assessment and taxation laws of the state, over assessors, town, county, and city boards of review and equalization, and all other assessing officers in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state;

(2) confer with, advise, and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state;

(3) direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the laws of this state governing returns of assessment and taxation of property, and cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty;

(4) require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the laws of this state in respect to the assessment and taxation of property in their respective districts or counties;

(5) require town, city, county, and other public officers to report information as to the assessment of property, collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the department of revenue, in such form and upon such blanks as the commissioner may prescribe;

(6) require individuals, copartnerships, companies, associations, and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, earnings, operating expenses, taxes, as well as all other statements now required by law for taxation purposes;

(7) summon witnesses, *at a time and place reasonable under the circumstances*, to appear and give testimony, and to produce books, records, papers and documents relating to any tax matter which the commissioner may have authority to investigate or determine. Provided, that any summons which does not identify the person or persons with respect to whose tax liability the summons is issued may be served only if (a) the summons relates to the investigation of a particular person or ascertainable group or class of persons, (b) there is a reasonable basis for believing that such person or group or class of persons may fail or may have failed to comply with any tax law administered by the commissioner, (c) the information sought to be obtained from the examination of the records (and the identity of the person or persons with respect to whose liability the summons is issued) is not readily available from other sources, (d) the summons is clear

and specific as to the information sought to be obtained, and (e) the information sought to be obtained is limited solely to the scope of the investigation. Provided further that the party served with a summons which does not identify the person or persons with respect to whose tax liability the summons is issued shall have the right, within 20 days after service of the summons, to petition the district court for the judicial district in which lies the county in which that party is located for a determination as to whether the commissioner of revenue has complied with all the requirements in (a) to (e), and thus, whether the summons is enforceable. If no such petition is made by the party served within the time prescribed, the summons shall have the force and effect of a court order;

(8) cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken, upon notice to the interested party, if any, in like manner that depositions of witnesses are taken in civil actions in the district court, in any matter which the commissioner may have authority to investigate or determine;

(9) investigate the tax laws of other states and countries and to formulate and submit to the legislature such legislation as the commissioner may deem expedient to prevent evasions of assessment and taxing laws, and secure just and equal taxation and improvement in the system of assessment and taxation in this state;

(10) consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and the progress of the work of the department of revenue, and furnish the governor, from time to time, such assistance and information as the governor may require relating to tax matters;

(11) transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even numbered year, the report of the department of revenue for the preceding years, showing all the taxable property in the state and the value of the same, in tabulated form;

(12) inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties, particularly as to their compliance with the laws requiring the assessment of all property not exempt from taxation;

~~(13) exercise and perform such further powers and duties as may be required or imposed upon the commissioner of revenue by law; administer and enforce the assessment and collection of state taxes and, from time to time, make, publish, and distribute rules for the administration and enforcement of state tax laws. The rules have the force of law;~~

~~(14) promulgate rules having the force and effect of law; for the administration and enforcement of the property tax; prepare blank forms for the returns required by state tax law and distribute them throughout the state, furnishing them subject to charge on application;~~

~~(15) execute and administer any agreement with the secretary of the treasury of the United States regarding the exchange of information and administration of the tax laws of both the United States and the state of Minnesota; prescribe rules governing the qualification and practice of agents, attorneys, or other persons representing taxpayers before the commissioner. The rules may require that those persons, agents, and attorneys show that they are of good character and in good repute, have the necessary~~

*qualifications to give taxpayers valuable services, and are otherwise competent to advise and assist taxpayers in the presentation of their case before being recognized as representatives of taxpayers. After due notice and opportunity for hearing, the commissioner may suspend and disbar from further practice before the commissioner any person, agent, or attorney who is shown to be incompetent or disreputable, who refuses to comply with the rules, or who with intent to defraud, willfully or knowingly deceives, misleads, or threatens a taxpayer or prospective taxpayer, by words, circular, letter, or by advertisement. This clause does not curtail the rights of individuals to appear in their own behalf or partners or corporations' officers to appear in behalf of their respective partnerships or corporations;*

*(16) appoint agents as the commissioner considers necessary to make examinations and determinations. The agents have the rights and powers conferred on the commissioner to examine books, records, papers, or memoranda, subpoena witnesses, administer oaths and affirmations, and take testimony. Upon demand of an agent, the clerk or court administrator of any court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, or memoranda before the agent. The commissioner may also issue subpoenas. Disobedience of subpoenas issued under this chapter shall be punished by the district court of the district in which the subpoena is issued, or in the case of a subpoena issued by the commissioner, by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of the district court;*

*(17) appoint and employ additional help, purchase supplies or materials, or incur other expenditures in the enforcement of state tax laws as considered necessary. The salaries of all agents and employees provided for in this chapter shall be fixed by the appointing authority, subject to the approval of the commissioner of administration;*

*(18) execute and administer any agreement with the secretary of the treasury of the United States or a representative of another state regarding the exchange of information and administration of the tax laws;*

~~(16)~~ *(19) administer and enforce the provisions of sections 325D.30 to 325D.42, the Minnesota unfair cigarette sales act; and*

~~(17)~~ *(20) authorize the use of unmarked motor vehicles to conduct seizures or criminal investigations pursuant to the commissioner's authority-; and*

*(21) exercise other powers and perform other duties required of or imposed upon the commissioner of revenue by law.*

## Sec. 2. [270.101] [PERSONAL LIABILITY.]

*Subdivision 1. [LIABILITY IMPOSED.] A person who, either singly or jointly with others, has the control of, supervision of, or responsibility for filing returns or reports, paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a person who is liable under any other law, is liable for the payment of taxes, penalties, and interest arising under chapters 296, 297, 297A, and 297C, or sections 290.92, 349.212, and 349.2121.*

*Subd. 2. [PERSON DEFINED.] The term "person" includes, but is not limited to, a corporation, estate, trust, organization, or association, whether organized for profit or not, an officer or director of a corporation, a*

*member of a partnership, an employee, a third party (including, but not limited to, a financial institution, lender, or surety), and any other individual or entity.*

*Subd. 3. [PROCEDURE FOR ASSESSMENT.] The commissioner may assess liability for the taxes described in subdivision 1 against a person liable under this section. The assessment may be based upon information available to the commissioner. It must be made within the prescribed period of limitations for assessing the underlying tax. An order assessing personal liability under this section is reviewable under section 289A.16 and is appealable to tax court.*

Sec. 3. Minnesota Statutes 1988, section 270.65, is amended to read:  
270.65 [DATE OF ASSESSMENT; DEFINITION.]

*For purposes of this chapter and chapters 290, 296, and 297A, taxes administered by the commissioner, the term "date of assessment" means the date a return was filed or the date a return should have been filed, whichever is later; or, in the case of taxes determined by the commissioner, "date of assessment" means the date of the order assessing taxes; or, in the case of an amended return filed by the taxpayer, the assessment date is the date the return was filed with the commissioner.*

Sec. 4. [270.652] [ALLOCATION OF PAYMENT.]

*In the discretion of the commissioner of revenue, payments received for taxes may be credited first to the oldest liability not secured by a judgment or lien. For liabilities to which payments are applied, the commissioner may credit payments first to penalties, next to interest, and then to the tax due.*

Sec. 5. Minnesota Statutes 1988, section 270.67, subdivision 1, is amended to read:

**Subdivision 1. [LIABILITY AGREEMENTS.]** The commissioner of revenue, or any officer or employee of the department of revenue authorized in writing by the commissioner, is authorized to enter into an agreement in writing with any taxpayer, or duly authorized agent or representative of the taxpayer, relating to the liability of the taxpayer in respect of any state tax administered by the commissioner for any taxable period ending prior to the date of the agreement. ~~If the agreement is approved by the commissioner within the time stated in the agreement, or later agreed to,~~ The agreement shall be final and conclusive; and, except upon a showing of fraud or malfeasance, or misrepresentation of a material fact, the case shall not be reopened as to the matters agreed upon, or the agreement modified, by any officer, employee, or agent of the state; and, in any suit, action, or proceeding, the agreement, or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance with the agreement, shall not be annulled, modified, set aside, or disregarded.

Sec. 6. Minnesota Statutes 1988, section 270.67, subdivision 2, is amended to read:

**Subd. 2. [EXTENSION AGREEMENTS.]** When any portion of any tax payable to the commissioner of revenue together with interest and penalty thereon, if any, has not been paid ~~six months from the date prescribed by law for its payment,~~ the commissioner may extend the time for payment for a further period ~~not to exceed 36 months.~~ When the authority of this section is invoked, the extension shall be evidenced by written agreement

signed by the taxpayer and the commissioner, stating the amount of the tax with penalty and interest, if any, and providing for the payment of the amount in regular weekly, semimonthly or monthly installments. The agreement shall contain a confession of judgment for the amount and for any unpaid portion thereof and shall provide that the commissioner may forthwith enter judgment against the taxpayer in the district court of the county of residence as shown upon the taxpayer's tax return for the unpaid portion of the amount specified in the extension agreement. *The commissioner may accept other collateral the commissioner considers appropriate to secure satisfaction of the tax liability.* The principal sum specified in the agreement shall bear interest at the rate specified in section 270.75 on all unpaid portions thereof until the same has been fully paid or the unpaid portion thereof has been entered as a judgment. The judgment shall bear interest at the rate specified in section 270.75. If it appears to the commissioner that the tax reported by the taxpayer is in excess of the amount actually owing by the taxpayer, the extension agreement or the judgment entered pursuant thereto shall be corrected. If after making the extension agreement or entering judgment with respect thereto, the commissioner determines that the tax as reported by the taxpayer is less than the amount actually due, the commissioner shall assess a further tax in accordance with the provisions of law applicable to the tax. The authority granted to the commissioner by this section is in addition to any other authority granted to the commissioner by law to extend the time of payment or the time for filing a return and shall not be construed in limitation thereof.

Sec. 7. Minnesota Statutes 1988, section 270.68, subdivision 1, is amended to read:

Subdivision 1. [LEGAL ACTION.] In addition to all other methods authorized by law for the collection of tax, if any tax payable to the commissioner of revenue or to the department of revenue, including penalties and interest thereon, is not paid within 60 days after it is required by law to be paid, the commissioner of revenue may ~~proceed under this subdivision.~~ Within five years after the date of assessment of the tax, *or, if the action is to renew a judgment, at any time before the judgment's expiration, the commissioner may bring an action at law against the person liable for the payment or collection of the tax, in the name of the state, for the recovery of the tax and interest and penalties due in respect thereof.* The action shall be brought in the district court of the judicial district in which lies the county of the residence or principal place of business within this state of the taxpayer, or, in the case of an estate or trust, of the place of its principal administration, and for this purpose the place named as such in the return, if any, made by the taxpayer shall be conclusive against the taxpayer in this matter. If no place is named in the return, the action may be commenced in Ramsey county. The action shall be commenced by filing with the court administrator a statement showing the name and address of the taxpayer, if known, an itemized summary of the taxable periods and the type of tax, the tax due and unpaid and the interest and penalties due with respect thereto under the provisions of law applicable to the tax, and shall contain a prayer that the court adjudge the taxpayer to be indebted on account of the taxes, interest, and penalties in the amount specified in the statement; a copy of the statement shall be furnished to the court administrator therewith. The court administrator shall mail a copy of the statement by certified mail to the taxpayer at the address given in the return, if any; and ~~if no address is given, then at~~ to the taxpayer's last known address, within five days after the same is filed, except that, if the taxpayer's address is not

known, notice shall be made by posting a copy of the statement for ten days in the place in the courthouse where public notices are regularly posted. To litigate the claim, or any part thereof of it, the taxpayer shall file a ~~verified~~ *serve an answer with the court administrator setting forth objections to the claim, or any part thereof; the answer shall be filed upon the commissioner* on or before the 20th day after the date of mailing the statement; or, if notice has been given by posting, on or before the 20th day after the expiration of the period during which the notice was required to be posted. If no answer is ~~filed~~ *served* within the specified time, the court administrator, upon the filing of an affidavit of default, shall enter judgment for the state in the amount prayed for, plus costs of \$10. If an answer is filed, the issues raised shall stand for trial as soon as possible after the filing of the answer, and the court shall determine the issues and direct judgment accordingly; and, if the taxes, interest, or penalties are sustained to any extent over the amount rendered by the taxpayer, shall assess \$10 costs against the taxpayer. The court shall disregard all technicalities and matters of form not affecting the substantial merits. The commissioner may call upon the county attorney or the attorney general to conduct the proceedings on behalf of the state. Execution shall be issued upon the judgment at the request of the commissioner, and the execution shall, in all other respects, be governed by the laws applicable to executions issued on judgments. Only the homestead and household goods of the judgment debtor shall be exempt from seizure and sale upon the execution.

Sec. 8. Minnesota Statutes 1988, section 270.68, subdivision 3, is amended to read:

Subd. 3. [TAX PRESUMED VALID.] The tax, as assessed by the commissioner, with any penalties included therein, shall be presumed to be valid and correctly determined and assessed, and the burden shall be upon the taxpayer to show its incorrectness or invalidity. ~~The A statement filed by the commissioner with the court administrator, as provided in subdivision 1, or any other certificate by the commissioner of showing the amount of the tax and penalties as determined or assessed by the commissioner, shall be~~ *is* admissible in evidence and shall establish prima facie the facts set forth therein.

Sec. 9. Minnesota Statutes 1988, section 270.69, subdivision 2, is amended to read:

Subd. 2. [FILING OF LIENS NECESSARY FOR ENFORCEABILITY AGAINST CERTAIN PERSONS.] The lien imposed by subdivision 1 is not enforceable against any purchaser, mortgagee, pledgee, holder of a uniform commercial code security interest, mechanic's lienor, or judgment lien creditor *whose interest has been duly perfected or is entitled to protection under applicable provisions of state law*, until a notice of lien has been filed by the commissioner of revenue in the office of the county recorder of the county in which ~~the~~ *real* property is situated, or in the case of personal property belonging to an individual who is not a resident of this state, or ~~which is~~ *to a corporation, partnership, or other organization, in the office of the secretary of state, or in the case of personal property belonging to a resident individual, in the office of the county recorder of the county of residence of the individual.* Notwithstanding any other law to the contrary, the department of revenue is exempt from the payment of fees at the time the lien is offered for filing or recording. The fee for filing or recording the lien must be paid at the time the release of lien is offered for filing or recording. Notwithstanding any law to the contrary, the fee for



filing or recording the lien or the release of lien is \$15.

Sec. 10. Minnesota Statutes 1988, section 270.69, subdivision 3, is amended to read:

Subd. 3. [EXEMPT PROPERTY.] The lien imposed on personal property by this section, even though properly filed, is not enforceable: (1) against a purchaser with respect to tangible personal property purchased at retail, in the ordinary course of the seller's trade or business, unless at the time of purchase the purchaser intends the purchase to or knows the purchase will hinder, evade, or defeat the collection of a tax; or (2) against the personal property listed as exempt in sections 550.37, 550.38, and 550.39.

Sec. 11. Minnesota Statutes 1988, section 270.69, subdivision 7, is amended to read:

Subd. 7. [NOTICE OF MORTGAGE FORECLOSURE OR CONTRACT TERMINATION.] ~~If a lien has been filed by the commissioner of revenue against real property pursuant to this section, and, subsequent to the recording of the lien, In the case of a mortgage foreclosure upon the real property is commenced under chapter 580, or a termination of contract of sale of the real property is commenced under section 559.21, if the commissioner has filed a lien under this section before the foreclosure sale or date of termination,~~ notice of the mortgage foreclosure or termination of contract of sale shall be mailed to the commissioner not less than 25 days prior to the foreclosure sale or date of termination. Provided, notice need not be given pursuant to this subdivision if the lien of the commissioner has been filed within 30 days or less prior to the foreclosure sale or date of termination. ~~The contents of the notice shall be as prescribed in section 7425(c)(1) of the Internal Revenue Code of 1954, as amended through December 31, 1982,~~ must contain the following information: (1) the name and address of the taxpayer; (2) a copy of the notice of mortgage foreclosure or contract for deed cancellation; (3) a copy of the lien filed by the commissioner; (4) the total unpaid balance of the mortgage or contract for deed; (5) a legal description of the property; and (6) the fair market value of the property.

Sec. 12. Minnesota Statutes 1988, section 270.69, subdivision 8, is amended to read:

Subd. 8. [FILING ENTITLEMENT.] Execution of notices of liens or of other notices affecting state tax liens by the original or facsimile signature of the commissioner of revenue or a delegate entitles them to be filed, and no other attestation, certification, or acknowledgment is necessary.

Sec. 13. Minnesota Statutes 1988, section 270.69, is amended by adding a subdivision to read:

Subd. 12. [LIEN RELEASE FEE.] A fee of \$25 must be paid to the commissioner of revenue for each duplicate of an original release of lien.

Sec. 14. Minnesota Statutes 1988, 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 a lien has been filed, during the period the lien is enforceable, or if the tax judgment has been filed, within the statutory period of enforcement of a valid tax judgment, by a levy upon all property and rights to property, 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. 15. Minnesota Statutes 1989 Supplement, section 270.73, subdivision 1, is amended to read:

Subdivision 1. [POSTING, NOTICE.] Pursuant to section 270B.12, subdivision 4, the commissioner shall, by the 15th of each month, submit to the commissioner of public safety a list of all taxpayers who are required to withhold or collect the tax imposed by section 290.92 or 297A.02, *or local sales and use tax payable to the commissioner of revenue*, and who are 30 days or more delinquent in either filing a tax return or paying the tax. At least ten days before notifying the commissioner of public safety, the commissioner of revenue shall notify the taxpayer of the intended action.

The commissioner of public safety shall post the list in the same manner as provided in section 340A.318, subdivision 3. The list will prominently show the date of posting. If a taxpayer previously listed cures the delinquency by filing all returns and paying all taxes, the commissioner shall notify the commissioner of public safety within two business days that the delinquency was cured.

Sec. 16. Minnesota Statutes 1988, section 290.92, subdivision 23, is amended to read:

Subd. 23. [WITHHOLDING BY EMPLOYER OF DELINQUENT TAXES.] (1) The commissioner may, within five years after the date of assessment of the tax, *or if a lien has been filed under section 270.69, within the statutory period for enforcement of the lien*, give notice to any employer deriving income which has a taxable situs in this state regardless of whether the income is exempt from taxation, that an employee of that employer is delinquent in a certain amount with respect to any state taxes, including penalties, interest and costs. The commissioner can proceed under this subdivision only if the tax is uncontested or if the time for appeal of the tax has expired. The commissioner shall not proceed under this subdivision until the expiration of 30 days after mailing to the taxpayer, at the taxpayer's last known address, a written notice of (a) the amount of taxes, interest, and penalties due from the taxpayer and demand for their payment, and (b) the commissioner's intention to require additional withholding by the taxpayer's employer pursuant to this subdivision. The effect of the notice shall expire 180 days after it has been mailed to the taxpayer provided that the notice may be renewed by mailing a new notice which is in accordance with this subdivision. The renewed notice shall have the effect of reinstating the priority of the original claim. The notice to the taxpayer shall be in substantially the same form as that provided in section 571.41. The notice shall further inform the taxpayer of the wage exemptions contained in section 550.37, subdivision 14. If no statement of exemption is received by the commissioner within 30 days from the mailing of the notice, the commissioner may proceed under this subdivision. The notice to the taxpayer's employer may be served by mail or by delivery by an employee of the department of revenue and shall be in substantially the same form as provided in section 571.495. Upon receipt of notice, the employer shall withhold from compensation due or to become due to the employee, the

total amount shown by the notice, subject to the provisions of section 571.55. The employer shall continue to withhold each pay period until ~~the total amount shown by the notice is paid in full~~ *released by the commissioner under section 270.709*. Upon receipt of notice by the employer, the claim of the state of Minnesota shall have priority over any subsequent garnishments or wage assignments. The commissioner may arrange between the employer and the employee for withholding a portion of the total amount due the employee each pay period, until the total amount shown by the notice plus accrued interest has been withheld.

The "compensation due" any employee is defined in accordance with the provisions of section 571.55. The maximum withholding allowed under this subdivision for any one pay period shall be decreased by any amounts payable pursuant to a garnishment action with respect to which the employer was served prior to being served with the notice of delinquency and any amounts covered by any irrevocable and previously effective assignment of wages; the employer shall give notice to the department of the amounts and the facts relating to such assignments within ten days after the service of the notice of delinquency on the form provided by the department of revenue as noted in this subdivision. ~~In crediting amounts withheld against delinquent taxes of an employee, the department shall apply amounts withheld in the following order: penalties, interest, tax and costs.~~

(2) If the employee ceases to be employed by the employer before the full amount set forth in a notice of delinquency plus accrued interest has been withheld, the employer shall immediately notify the commissioner in writing of the termination date of the employee and the total amount withheld. No employer may discharge any employee by reason of the fact that the commissioner has proceeded under this subdivision. If an employer discharges an employee in violation of this provision, the employee shall have the same remedy as provided in section 571.61, subdivision 2.

(3) *Within ten days after the expiration of such pay period, the employer shall, by the date prescribed in subdivision 6, remit to the commissioner, on a form and in the manner prescribed by the commissioner, the amount withheld during the calendar quarter each pay period* under this subdivision. Should any employer, after notice, willfully fail to withhold in accordance with the notice and this subdivision, or willfully fail to remit any amount withheld as required by this subdivision, the employer shall be liable for the total amount set forth in the notice together with accrued interest which may be collected by any means provided by law relating to taxation. No amount required to be paid by an employer by reason of the employer's failure to remit under this subdivision, may be deducted from the gross income of the employer, under sections 290.09, subdivision 4 or 290.01, subdivisions 20 to 20f. Any amount collected from the employer for failure to withhold or for failure to remit under this subdivision shall be credited to the employee's account in the following manner: penalties, interest, tax and costs.

(4) Clauses (1), (2) and (3), except provisions imposing a liability on the employer for failure to withhold or remit, shall apply to cases in which the employer is the United States or any instrumentality thereof or this state or any municipality or other subordinate unit thereof.

(5) The commissioner shall refund to the employee excess amounts withheld from the employee under this subdivision. If any excess results from payments by the employer because of willful failure to withhold or remit

as prescribed in clause (3) above, the excess attributable to the employer's payment shall be refunded to the employer.

(6) Employers required to withhold delinquent taxes, penalties, interest and costs under this subdivision shall not be required to compute any additional interest, costs or other charges to be withheld.

(7) The collection remedy provided to the commissioner by this subdivision shall have the same legal effect as if it were a levy made pursuant to section 270.70.

Sec. 17. Minnesota Statutes 1988, section 524.3-1001, is amended to read:

524.3-1001 [FORMAL PROCEEDINGS TERMINATING ADMINISTRATION; TESTATE OR INTESTATE; ORDER OF DISTRIBUTION, DECREE, AND GENERAL PROTECTION.]

(a) (1) A personal representative or any interested person may petition for an order of complete settlement of the estate. The personal representative may petition at any time, and any other interested person may petition after one year from the appointment of the original personal representative except that no petition under this section may be entertained until the time for presenting claims which arose prior to the death of the decedent has expired. The petition may request the court to determine testacy, if not previously determined, to consider the final account or compel or approve an accounting and distribution, to construe any will or determine heirs and adjudicate the final settlement and distribution of the estate. After notice to all interested persons and hearing the court may enter an order or orders, on appropriate conditions, determining the persons entitled to distribution of the estate, and, as circumstances require, approving settlement and directing or approving distribution of the estate and discharging the personal representative from further claim or demand of any interested person.

(2) In such petition for complete settlement of the estate, the petitioner may apply for a decree. Upon the hearing, if in the best interests of interested persons, the court may issue its decree which shall determine the persons entitled to the estate and assign the same to them in lieu of ordering the assignment by the personal representative. The decree shall name the heirs and distributees, state their relationship to the decedent, describe the property, and state the proportions or part thereof to which each is entitled. In the estate of a testate decedent, no heirs shall be named in the decree unless all heirs be ascertained.

(3) In solvent estates, the hearing may be waived by written consent to the proposed account and decree of distribution or order of distribution by all heirs or distributees, and the court may then enter its order allowing the account and issue its decree or order of distribution.

(4) Where a decree or order for distribution is issued, the personal representative shall not be discharged until all property is paid or transferred to the persons entitled thereto, and the personal representative has otherwise fully discharged the trust. If ~~objections are an order assessing estate tax or request for documents~~ is filed with the court by the commissioner of revenue, no discharge shall be issued until the ~~objections are determined assessment is paid or the request is complied with~~. If no ~~objection order assessing estate tax or request for documents~~ is filed, the court shall have the power to settle and distribute the estate and discharge the personal representative without regard to tax obligations.

(b) If one or more heirs or devisees were omitted as parties in, or were not given notice of, a previous formal testacy proceeding, the court, on proper petition for an order of complete settlement of the estate under this section, and after notice to the omitted or unnotified persons and other interested parties determined to be interested on the assumption that the previous order concerning testacy is conclusive as to those given notice of the earlier proceeding, may determine testacy as it affects the omitted persons and confirm or alter the previous order of testacy as it affects all interested persons as appropriate in the light of the new proofs. In the absence of objection by an omitted or unnotified person, evidence received in the original testacy proceeding shall constitute prima facie proof of due execution of any will previously admitted to probate, or of the fact that the decedent left no valid will if the prior proceedings determined this fact.

Sec. 18. [REPEALER.]

(a) *Minnesota Statutes 1988, section 270.10, subdivision 4, is repealed.*

(b) *Minnesota Statutes 1988, section 270.08 is repealed.*

(c) *Minnesota Statutes 1988, sections 290.53, subdivision 5 and 297A.39, subdivision 5, are repealed.*

(d) *Minnesota Statutes 1988, sections 290.52; 291.31, subdivision 2; 297A.29; and 297A.37, are repealed.*

Sec. 19. [EFFECTIVE DATES.]

*Sections 1, 3, 13, 15, 16, 17, and 18, paragraph (d), are effective August 1, 1990.*

*Sections 5, 6, 7, 8, 14, and 18, paragraph (b), are effective the day following final enactment.*

*Sections 9 and 10 are effective for liens imposed on or after August 1, 1990.*

*Section 11 is effective for mortgage foreclosures or terminations of contracts of sale of real property commenced after August 1, 1990.*

*Section 12 is effective for notices executed on or after August 1, 1990.*

*Sections 4 and 18, paragraph (c), are effective for payments received on or after August 1, 1990.*

*Sections 2 and 18, paragraph (a), are effective for taxes becoming due on or after August 1, 1990.*

### ARTICLE 3

#### GASOLINE AND SPECIAL FUEL TAXES

Section 1. *Minnesota Statutes 1988, section 296.18, subdivision 2, is amended to read:*

Subd. 2. [FAILURE TO USE OR SELL GASOLINE OR SPECIAL FUEL FOR INTENDED PURPOSES; REPORTS REQUIRED.] (1) Any person who shall buy aviation gasoline or special fuel for aircraft use and who shall have paid the excise taxes due thereon directly or indirectly through the amount of the tax being included in the price thereof, or otherwise, and shall use said gasoline or special fuel in motor vehicles or shall knowingly sell it to any person for use in motor vehicles shall, on or before the twenty-third day of the month following that in which such gasoline or

special fuel was so used or sold, report the fact of such use or sale to the commissioner in such form as the commissioner may prescribe.

(2) Any person who shall buy gasoline other than aviation gasoline and who shall have paid the motor vehicle gasoline excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline, or otherwise, who shall knowingly sell such gasoline to any person to be used for the purpose of producing or generating power for propelling aircraft, or who shall receive, store, or withdraw from storage such gasoline to be used for that purpose, shall, on or before the 23rd day of the month following that in which such gasoline was so sold, stored, or withdrawn from storage, report the fact of such sale, storage, or withdrawal from storage to the commissioner in such form as the commissioner may prescribe.

(3) Any person who shall buy aviation gasoline or special fuel for aircraft use and who shall have paid the excise taxes directly or indirectly through the amount of the tax being included in the price thereof, or otherwise, who shall not use it in motor vehicles or receive, sell, store, or withdraw it from storage for the purpose of producing or generating power for propelling aircraft, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a signed claim in writing in such form and containing such information as the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section 296.25 for knowingly or willfully making a false claim. The claim shall set forth the total amount of the aviation gasoline or special fuel for aircraft use so purchased and used by the applicant, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to payment, shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing.

Sec. 2. Minnesota Statutes 1988, section 296.18, subdivision 3, is amended to read:

Subd. 3. ~~[PENALTIES CIVIL PENALTY FOR FILING FALSE CLAIMS CLAIM.] Every person who shall make any false statement in any claim or invoice filed with the commissioner, or knowingly file with the commissioner any claim or invoice containing any false statement or collect or cause to be paid to the person or to another a refund without being entitled thereto, when acting pursuant to the provisions of subdivision 1 or 2, clause 3, shall forfeit the full amount of the claim and be guilty of a misdemeanor. Every A person who violates section 296.25, subdivision 1, paragraph (a) or (b), shall forfeit the full amount of the claim. In addition, a person who is convicted under the provisions of this subdivision shall section 296.25, subdivision 1, paragraph (a) or (b), for filing a false statement or claim shall, in addition to any criminal penalties imposed, be prohibited from filing with the commissioner any claim for refund upon gasoline purchased within six months after such conviction.~~

Sec. 3. Minnesota Statutes 1988, section 296.25, is amended to read:  
296.25 ~~[VIOLATIONS, CRIMINAL PENALTIES.]~~

Subdivision 1. [PENALTIES IMPOSED.] Any person who fails to comply with any provisions of sections 296.01 to 296.421, or who makes any false statement in any report, record, or sales ticket required by sections 296.12, 296.14, 296.17, subdivision 5, 296.18, subdivision 2, or 296.21, shall be guilty of a misdemeanor. A minimum fine of \$200 shall be imposed on a person who fails to obtain a license or trip permit required under section 296.17, subdivisions 10 and 17.

Prosecutions commenced under this section may be brought in the county in which the defendant resides or in Ramsey county.

The county attorney of any county in which the action is commenced, shall on request of the commissioner of revenue, prosecute violations of this chapter. Costs, fees, and expenses incurred by any county attorney in litigation in connection with the action may be paid from appropriations to the commissioner of revenue for the administration of this chapter. (a) A person who fails to comply with a provision of sections 296.01 to 296.421, or who knowingly provides false information, including, but not limited to, false odometer readings, or who knowingly makes a false statement in a report, record, claim, or sales ticket required by sections 296.12; 296.14; 296.17, subdivisions 5, or 7 to 22; 296.18, subdivision 2; or 296.21, is guilty of a gross misdemeanor.

(b) A person who willfully attempts in any manner to evade or defeat any tax imposed by sections 296.01 to 296.421, including, but not limited to, making and subscribing any false statement in any report, record, claim, or sales ticket required by sections 296.12; 296.14; 296.17, subdivisions 5, or 7 to 22; 296.18, subdivision 2; and 296.21; or making a false claim for a refund under section 296.18, subdivision 4, is guilty of a felony.

(c) It is a misdemeanor for a person to operate, or cause to be operated, a licensed motor vehicle on the public highways of this state on special fuel on which the excise tax provided by this chapter has not been paid or the liability therefore assumed by another person licensed under this chapter. A person who uses gasoline, delivered into an on-farm bulk storage tank and on which no tax has been collected, for propelling a motor vehicle on the public highways of this state is also guilty of a misdemeanor.

(d) An officer or employee of the state of Minnesota charged with the enforcement of a provision of sections 296.01 to 296.421 who is employed by or who engages in business as a distributor or dealer in petroleum products is guilty of a misdemeanor.

(e) The authorization in this chapter for the collection of the excise taxes by persons other than the commissioner for and in behalf of the state of Minnesota establishes a fiduciary relationship, for the violation of which, in failure to make payment when due and payable, the person so authorized to collect these excise taxes shall be deemed guilty of a violation of section 609.54, and punished accordingly.

(f) A minimum fine of \$200 shall be imposed on a person who fails to obtain a license or trip permit required under section 296.17, subdivisions 10 and 17.

Subd. 2. [PROSECUTION OF VIOLATIONS.] It is a misdemeanor for any person to operate, or cause to be operated, a licensed motor vehicle on the public highways of this state on special fuel on which the excise tax provided by this chapter has not been paid or the liability therefore assumed by another person licensed under this chapter. Prosecutions under

*this section may be brought in the county in which the defendant resides or in Ramsey county. On request of the commissioner of revenue, the county attorney of a county in which the action is commenced shall prosecute violations of this chapter. Costs, fees, and expenses incurred by any county attorney in litigation in connection with the action may be paid from appropriations to the commissioner of revenue for the administration of this chapter.*

Sec. 4. [REPEALER.]

*Minnesota Statutes 1988, sections 296.027; 296.16, subdivision 3; 296.17, subdivision 13; 296.18, subdivisions 3a and 7; and 296.24, are repealed.*

Sec. 5. [EFFECTIVE DATES.]

*Section 1 is effective for sales occurring on or after August 1, 1990.*

*Section 2 is effective for statements or claims filed on or after August 1, 1990.*

*Section 3 is effective for acts or violations occurring on or after August 1, 1990.*

*Section 4 is effective August 1, 1990.*

ARTICLE 4

SALES AND USE, MOTOR VEHICLE EXCISE,  
AND PETROLEUM PRODUCTS TAXES

Section 1. Minnesota Statutes 1989 Supplement, section 168A.10, subdivision 1, is amended to read:

Subdivision 1. If an owner transfers interest in a vehicle other than by the creation of a security interest, the owner shall at the time of the delivery of the vehicle execute an assignment and warranty of title to the transferee and shall state the actual selling price in the space provided therefor on the certificate. With respect to motor vehicles subject to the provisions of section 325E.15, the transferor shall also, in the space provided therefor on the certificate, state the true cumulative mileage registered on the odometer or that the actual mileage is unknown if the odometer reading is known by the transferor to be different from the true mileage. The transferor shall cause the certificate and assignment to be delivered to the transferee immediately.

Sec. 2. Minnesota Statutes 1988, section 296.06, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS FOR ISSUANCE.] A distributor's license shall be issued to any responsible person qualifying as a distributor who makes application therefor, and who shall pay to the commissioner at the time thereof and annually thereafter a license fee of \$10, and who shall further comply with the following conditions:

(1) A written application shall be made in a manner approved by the commissioner, who shall require the applicant or licensee to deposit with the state treasurer securities of the United States government or the state of Minnesota or to execute and file a bond, with a corporate surety approved by the commissioner, to the state of Minnesota in an amount to be determined by the commissioner and in a form to be fixed by the commissioner and approved by the attorney general, and which shall be conditioned for the payment when due of all excise taxes, inspection fees, penalties, and



accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state of Minnesota; the bond shall cover all places of business within the state where petroleum products are received by the licensee; and the applicant or licensee shall designate and maintain an agent in this state upon whom service may be had for all purposes of this section.

(2) An initial applicant for a distributor's license shall furnish a bond in a minimum sum of \$3,000 for the first year;

(3) The commissioner, on reaching the opinion that the bond given by a licensee is inadequate in amount to fully protect the state, shall require an additional bond in such amount as the commissioner deems sufficient;

(4) A licensee who desires to be exempt from depositing securities or furnishing such bond, as hereinbefore provided shall furnish an itemized financial statement showing the assets and the liabilities of the applicant and if it shall appear to the commissioner, from the financial statement or otherwise, that the applicant is financially responsible, then the commissioner may exempt such applicant from depositing such securities or furnishing such bond until the commissioner otherwise orders.

~~(5) The premium on any bond required under clauses (1) and (2); and on any additional bond required under clause (3); shall be paid by the commissioner out of a bond premium fund required to be set up from an appropriation by the legislature from whatever funds are available. All of said bonds required during each license period shall be purchased by the commissioner of administration from the lowest responsible bidder after advertising for competitive bids in the manner prescribed by Laws 1939, chapter 431, article II, as amended. The commissioner of administration shall call for bids within a reasonable period prior to the commencement of license period.~~

(6) Each license period shall be for one year ending each June 30.

~~(7)~~ (6) Upon application to the commissioner and compliance by the applicant with the provisions of this subdivision, the commissioner also shall issue a distributor's license to (a) any person engaged in this state in the bulk storage of petroleum products and the distribution thereof by tank car or tank truck or both, and (b) any person holding an unrevoked license as a distributor since January 1, 1947, and (c) any person holding a license and performing a function under the motor fuel tax law of an adjoining state equivalent to that of a distributor under this act, who desires to ship or deliver petroleum products from that state to persons in this state not licensed as distributors in this state and who agrees to assume with respect to all petroleum products so shipped or delivered the liabilities of a distributor receiving petroleum products in this state, provided, however, that any such license shall be issued only for the purpose of permitting such person to receive in this state the petroleum products so shipped or delivered. Except as herein provided, all persons licensed as distributors under this clause shall have the same rights and privileges and be subject to the same duties, requirements and penalties as other licensed distributors.

Sec. 3. Minnesota Statutes Second 1989 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~~. *“Sale” does not include:*

(1) meals or drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizens homes, and correctional, detention, and detoxification facilities,

(2) meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served, *or*

(3) meals and lunches served at public and private schools, universities or colleges. ~~“Sales” also includes meals furnished by employers to employees at less than fair market value, except meals furnished to employees of restaurants, resorts, and hotels, and except meals furnished at no charge to employees of hospitals, nursing homes, boarding care homes, sanitariums, 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, *except a world championship football game sponsored by the national football league*, and the privilege of having access to and the use of amusement devices, tanning facilities, reducing**

salons, steam baths, turkish baths, massage parlors, health clubs, and spas or athletic facilities;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state; the tax imposed on amounts paid for telephone services is the liability of and shall be paid by the person paying for the services. The furnishing for a consideration of access to telephone services by a hotel to its guests is a sale under this clause. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale;

(g) The furnishing for a consideration of cable television services, including charges for basic monthly service, charges for monthly premium service, and charges for any other similar television services;

(h) Notwithstanding subdivision 4, and section 297A.25, subdivision 9, the sales of horses including claiming sales and fees paid for breeding a stallion to a mare. This clause applies to sales and fees with respect to a horse to be used for racing whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association;

(i) The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(j) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) services provided by detective agencies, security services, burglar, fire alarm, and armored car services not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; arborist services; tree, bush, and shrub planting, pruning, bracing, spraying, and surgery; and tree trimming for public utility lines.

The services listed in this paragraph are taxable under section 297A.02 if the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a partnership or association for another partnership or association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of this section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes; and

(vii) solid waste collection and disposal services as described in section 297A.45;

(k) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

(l) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, for educational and social activities for young people primarily age 18 and under.

Sec. 4. Minnesota Statutes 1988, section 297A.01, subdivision 8, is amended to read:

Subd. 8. "Sales price" means the total consideration valued in money, for a retail sale whether paid in money or otherwise, excluding therefrom any amount allowed as credit for tangible personal property taken in trade for resale, without deduction for the cost of the property sold, cost of materials used, labor or service cost, interest, or discount allowed after the sale is consummated, the cost of transportation incurred prior to the time of sale, any amount for which credit is given to the purchaser by the seller,

or any other expense whatsoever. A deduction may be made for charges for services that are part of the sale, including charges up to 15 percent in lieu of tips, if the consideration for such charges is separately stated, but no deduction shall be allowed for charges for services that are part of a sale as defined in subdivision 3, clauses (b) to ~~(f)~~ (l). A deduction may also be made for interest, financing, or carrying charges, charges for labor or services used in installing or applying the property sold or transportation charges if the transportation occurs after the retail sale of the property only if the consideration for such charges is separately stated. There shall not be included in "sales price" cash discounts allowed and taken on sales or the amount refunded either in cash or in credit for property returned by purchasers.

Sec. 5. Minnesota Statutes 1988, section 297A.14, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] For the privilege of using, storing or consuming in Minnesota tangible personal property; ~~tickets or admissions to places of amusement and athletic events; electricity; gas; and local exchange telephone service~~ or taxable services purchased for use, storage or consumption in this state, a use tax is imposed on every person in this state at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the items, unless the tax imposed by section 297A.02 was paid on the sales price.

Sec. 6. Minnesota Statutes 1988, section 297A.25, subdivision 31, is amended to read:

Subd. 31. [SALES BY GOVERNMENT TAXABLE.] This section shall not be construed to exempt the gross receipts from sales of tangible personal property or taxable services purchased from the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities or political subdivisions by ultimate consumers, and such purchases are hereby declared to be subject to tax, except as they may be otherwise exempted.

Sec. 7. Minnesota Statutes 1988, section 297A.255, is amended by adding a subdivision to read:

*Subd. 5. There is specifically exempted from the provisions of this chapter the purchase or use of aircraft registered in the state of Minnesota by a corporation or partnership when the transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code of 1986, as amended through December 31, 1989.*

Sec. 8. Minnesota Statutes 1988, section 297B.035, subdivision 1, is amended to read:

Subdivision 1. Except as provided in this section, motor vehicles purchased for resale in the ordinary course of business or used by any motor vehicle dealer, as defined in section 168.011, subdivision 21, who is licensed under section 168.27, subdivision 2 or 3, which bear dealer plates as authorized by section 168.27, subdivision 16, shall be exempt from the provisions of this chapter.

Sec. 9. [EFFECTIVE DATE.]

*Sections 1 to 8 are effective July 1, 1990.*

## ARTICLE 5

INCOME AND FRANCHISE TAXES  
AND PROPERTY TAX REFUNDS

Section 1. Minnesota Statutes Second 1989 Supplement, section 10A.31, subdivision 5, is amended to read:

Subd. 5. In each calendar year the money in 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) ten 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 only those items enumerated in section 10A.275; money allocated to a state committee under this clause must be paid to the committee by the state treasurer as notified by the state ethical practices board as it is received in the account on a monthly basis, with payment on the 15th day of the calendar month following the month in which the tax returns were received processed by the department of revenue, provided that these distributions would be equal to 90 percent of the amount of money indicated in the department of revenue's weekly unedited reports of income tax returns for that and property tax refund returns processed in the month, as notified by the department of revenue to the state ethical practices board. The amounts paid to each state committee are subject to final annual biennial adjustment and settlement as indicated according to the at the time of each certification by required of the commissioner of revenue under subdivision 6 subdivisions 7 and 10. If the total amount of total payments received before September 15 by a state committee for the period reflected on a certification by the department of

*revenue is ~~greater than~~ different from the amount certified by the commissioner of revenue on September 15, the total amount of payments distributed between September 1 and December 31 that should have been received during the period according to the certification, each subsequent monthly payment must be ~~reduced by~~ increased or decreased to the fullest extent possible until the amount of the overpayment is recovered or the underpayment is distributed.*

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, money 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) in the following year. Money 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. 2. Minnesota Statutes Second 1989 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.

Severance pay shall be considered income from labor or personal or professional services.

(2) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner:

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota; and

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(3) For purposes of this section, amounts received by a nonresident from the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer firefighters' relief association, by way of payment as a pension, public employee retirement benefit, or any combination of these, or as a retirement or survivor's benefit made from a plan



qualifying under section 401, 403, 408, or 409, or as defined in section 403(b) or 457 of the Internal Revenue Code of 1986, as amended through December 31, 1987, 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~~ an amount equal to the gain on the sale of the stock multiplied by the ratio that was used to compute the amount of S corporation income assignable to Minnesota in the tax year preceding the year of sale.

Gain on the sale of goodwill or income from a covenant not to compete that is connected with a business operating all or partially in Minnesota is allocated to this state to the extent that the income from the business in the year preceding the year of sale was assignable to Minnesota under subdivision 3.

(d) Income from the operation of a farm shall be assigned to this state if the farm is located within this state and to other states only if the farm is not located in this state.

(e) Income from winnings on Minnesota pari-mutuel betting tickets, the Minnesota state lottery, and lawful gambling as defined in section 349.12, subdivision 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. 3. Minnesota Statutes 1988, section 290.17, subdivision 5, is amended to read:

Subd. 5. [SPECIAL RULES.] Notwithstanding subdivisions 3 and 4, all income from the operation of the following types of businesses must be allocated as follows:

(a) All income from the operation of a farm is assigned to this state if

the farm is located within this state and no such income is assigned to this state if the farm is located without this state.

~~(b) Income from a trade or business consisting principally of the performance of personal or professional services is assigned to this state if, and to the extent that, the services are performed within this state.~~

(e) For athletic teams when the visiting team does not share in the gate receipts, all of the team's income is assigned to the state in which the team's operation is based.

Sec. 4. Minnesota Statutes 1989 Supplement, section 290.39, subdivision 4, is amended to read:

Subd. 4. [VOTER REGISTRATION FORM.] The commissioner shall insert securely in each individual income tax return form or instruction booklet distributed ~~in an even-numbered~~ *for an odd-numbered* year a voter registration form, returnable to the secretary of state, designed according to rules adopted by the secretary of state. This requirement applies to forms and booklets supplied to post offices, banks, and other outlets, as well as to those mailed directly to taxpayers.

Sec. 5. Minnesota Statutes 1988, section 290.39, subdivision 5, is amended 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.~~ *The requesting partnership must file a composite return in the form prescribed by the commissioner of revenue. The filing of a composite return is considered a request to use the composite return filing method.*

(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 noncomposite 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.

(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. 6. Minnesota Statutes 1988, section 290.49, subdivision 3, is amended to read:

Subd. 3. [OMISSION IN EXCESS OF 25 PERCENT.] If the taxpayer omits from gross income an amount properly includable therein which is in excess of 25 percent of the amount of gross income stated 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 6-1/2 years after the return was filed.

For purposes of this subdivision, the term "gross income" shall mean gross income as defined in section ~~290.37, subdivision 1, clause (c)~~ 290.01, subdivision 20.

Sec. 7. Minnesota Statutes 1988, section 290.92, subdivision 12, is amended to read:

Subd. 12. [WITHHELD AMOUNT, CREDIT AGAINST TAX.] The amount deducted and withheld as tax under subdivision 2a ~~or~~ 3, 4b, or 4c or section 290.923, subdivision 2, during any calendar year upon the wages, *partnership income*, or "*S*" *corporation income* of any individual or person receiving royalty payments shall be allowed as a credit to the recipient of the income against the taxes imposed by this chapter or by chapter 298, for a taxable year beginning in such calendar year. If more than one taxable year begins in such calendar year, such amount shall be allowed as a credit against the taxes for the last taxable year so beginning.

Sec. 8. Minnesota Statutes 1988, section 290.92, subdivision 23, is amended to read:

Subd. 23. [WITHHOLDING BY EMPLOYER OF DELINQUENT TAXES.] (1) The commissioner may, within five years after the date of

assessment of the tax, give notice to any employer deriving income which has a taxable situs in this state regardless of whether the income is exempt from taxation, that an employee of that employer is delinquent in a certain amount with respect to any state taxes, including penalties, interest and costs. The commissioner can proceed under this subdivision only if the tax is uncontested or if the time for appeal of the tax has expired. The commissioner shall not proceed under this subdivision until the expiration of 30 days after mailing to the taxpayer, at the taxpayer's last known address, a written notice of (a) the amount of taxes, interest, and penalties due from the taxpayer and demand for their payment, and (b) the commissioner's intention to require additional withholding by the taxpayer's employer pursuant to this subdivision. The effect of the notice shall expire 180 days after it has been mailed to the taxpayer provided that the notice may be renewed by mailing a new notice which is in accordance with this subdivision. The renewed notice shall have the effect of reinstating the priority of the original claim. The notice to the taxpayer shall be in substantially the same form as that provided in section 571.41. The notice shall further inform the taxpayer of the wage exemptions contained in section 550.37, subdivision 14. If no statement of exemption is received by the commissioner within 30 days from the mailing of the notice, the commissioner may proceed under this subdivision. The notice to the taxpayer's employer may be served by mail or by delivery by an employee of the department of revenue and shall be in substantially the same form as provided in section 571.495. Upon receipt of notice, the employer shall withhold from compensation due or to become due to the employee, the total amount shown by the notice, subject to the provisions of section 571.55. The employer shall continue to withhold each pay period until the total amount shown by the notice is paid in full. Upon receipt of notice by the employer, the claim of the state of Minnesota shall have priority over any subsequent garnishments or wage assignments. The commissioner may arrange between the employer and the employee for withholding a portion of the total amount due the employee each pay period, until the total amount shown by the notice plus accrued interest has been withheld.

The "compensation due" any employee is defined in accordance with the provisions of section 571.55. The maximum withholding allowed under this subdivision for any one pay period shall be decreased by any amounts payable pursuant to a garnishment action with respect to which the employer was served prior to being served with the notice of delinquency and any amounts covered by any irrevocable and previously effective assignment of wages; the employer shall give notice to the department of the amounts and the facts relating to such assignments within ten days after the service of the notice of delinquency on the form provided by the department of revenue as noted in this subdivision. In crediting amounts withheld against delinquent taxes of an employee, the department shall apply amounts withheld in the following order: penalties, interest, tax, and costs.

(2) If the employee ceases to be employed by the employer before the full amount set forth in a notice of delinquency plus accrued interest has been withheld, the employer shall immediately notify the commissioner in writing of the termination date of the employee and the total amount withheld. No employer may discharge any employee by reason of the fact that the commissioner has proceeded under this subdivision. If an employer discharges an employee in violation of this provision, the employee shall have the same remedy as provided in section 571.61, subdivision 2.

(3) The employer shall, by the date prescribed in subdivision 6, remit to the commissioner, on a form and in the manner prescribed by the commissioner, the amount withheld during the calendar quarter under this subdivision. Should any employer, after notice, willfully fail to withhold in accordance with the notice and this subdivision, or willfully fail to remit any amount withheld as required by this subdivision, the employer shall be liable for the total amount set forth in the notice together with accrued interest which may be collected by any means provided by law relating to taxation. ~~No amount required to be paid by an employer by reason of the employer's failure to remit under this subdivision, may be deducted from the gross income of the employer, under sections 290.09, subdivision 4 or 290.01, subdivisions 20 to 20f.~~ Any amount collected from the employer for failure to withhold or for failure to remit under this subdivision shall be credited to the employee's account in the following manner: penalties, interest, tax, and costs.

(4) Clauses (1), (2) and (3), except provisions imposing a liability on the employer for failure to withhold or remit, shall apply to cases in which the employer is the United States or any instrumentality thereof or this state or any municipality or other subordinate unit thereof.

(5) The commissioner shall refund to the employee excess amounts withheld from the employee under this subdivision. If any excess results from payments by the employer because of willful failure to withhold or remit as prescribed in clause (3) above, the excess attributable to the employer's payment shall be refunded to the employer.

(6) Employers required to withhold delinquent taxes, penalties, interest, and costs under this subdivision shall not be required to compute any additional interest, costs or other charges to be withheld.

(7) The collection remedy provided to the commissioner by this subdivision shall have the same legal effect as if it were a levy made pursuant to section 270.70.

Sec. 9. Minnesota Statutes 1988, section 290.93, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT OF DECLARATION.] (1) Every individual shall, at the time prescribed in subdivision 5, make and file with the commissioner a declaration of estimated tax for the taxable year if

the gross income (for purposes of this subdivision and subdivision 5 as defined in section ~~290.37, subdivision 1, clause (e) 290.01, subdivision 20~~) for the taxable year can reasonably be expected to exceed the gross income amounts set forth in section 290.37, subdivision 1 pertaining to the requirements for making a return.

(2) If the individual is an infant or incompetent person, the declaration shall be made by the individual's guardian.

(3) Notwithstanding the provisions of this section, no declaration is required if the estimated tax (as defined in subdivision 3) is less than \$500.

Sec. 10. Minnesota Statutes 1988, 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) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; and

(xii) nontaxable scholarship or fellowship grants.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a), 102, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter; or

(e) child support payments received under a temporary or final decree of dissolution or legal separation.

(3) The sum of the following amounts shall may be subtracted from income:

(a) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(b) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(c) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(e) for the claimant's fifth dependent, the exemption amount; and

(f) if the claimant or claimant's spouse was disabled or attained the age of 65 prior to June 1 of the year for which the taxes were levied or rent paid, the exemption amount.

For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code of 1986, as amended through December 31, 1987, for the taxable year for which the income is reported.

Sec. 11. Minnesota Statutes 1988, section 290A.04, subdivision 1, is amended to read:

Subdivision 1. A refund shall be allowed each claimant in the amount that property taxes payable or rent constituting property taxes exceed the percentage of the household income of the claimant specified in subdivision 2 in the year for which the taxes were levied or in the year in which the rent was paid as specified in subdivision 2. If the amount of property taxes payable or rent constituting property taxes is equal to or less than the percentage of the household income of the claimant specified in subdivision 2 in the year for which the taxes were levied or in the year in which the rent was paid, the claimant shall not be eligible for a state refund pursuant to this section. ~~For purposes of claiming this refund, a claimant who owns a homestead part of the year and rents part of the year may add the rent constituting property taxes to the qualifying tax on the homestead.~~

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than ten percent over the net property taxes payable in the prior year on the same property that is owned by the same owner in both years, and the amount of that increase is \$40 or more for taxes payable in 1990 and 1991, \$60 or more for taxes payable in 1992, \$80 or more for taxes payable in 1993, and \$100 or more for taxes payable in 1994, a claimant who is a homeowner shall be allowed an additional refund equal to the sum of (1) 75 percent of the first \$250 of the amount of the increase over ten percent for taxes payable in 1990 and 1991, 75 percent of the first \$275 of the amount of the increase over ten percent for taxes payable in 1992, 75 percent of the first \$300 of the amount of the increase over ten percent for taxes

payable in 1993, and 75 percent of the first \$325 of the amount of the increase over ten percent for taxes payable in 1994, and (2) 90 percent of the amount of the increase over ten percent plus \$250 for taxes payable in 1990 and 1991, 90 percent of the amount of the increase over ten percent plus \$275 for taxes payable in 1992, 90 percent of the amount of the increase over ten percent plus \$300 for taxes payable in 1993, and 90 percent of the amount of the increase over ten percent plus \$325 for taxes payable in 1994. This subdivision shall not apply to any increase in the *net gross* property taxes payable attributable to improvements made to the homestead *after the assessment date for the prior year's taxes.*

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable after reductions made under 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 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

(c) 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.

On or before December 1, 1990, and December 1 of each of the following three years, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in the following year. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims exceed the following amounts for the taxes payable year designated, the commissioner shall decrease the percentages of the excess taxes the state will pay and increase the dollar amount of tax increase which must occur before a taxpayer qualifies for a refund.

Taxes payable in:	Appropriation limit
1991	\$7,000,000
1992	\$6,500,000
1993	\$6,000,000
1994	\$5,500,000

The commissioner shall make the adjustments so that half of the estimated savings come from decreasing the percentages of the excess taxes the state will pay and half of the estimated savings come from increasing the dollar amount of the tax increase which must occur before a taxpayer qualifies for a refund. The determinations of the revised percentages and thresholds by the commissioner are not rules subject to chapter 14.

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 290A.04, subdivision 2i, is amended to read:

Subd. 2i. If the net property taxes payable in 1990 on a seasonal residential and recreational property, not devoted to commercial use, increase more than ten percent over the net property taxes payable in 1989 and if the amount is \$40 or more, one ~~claimant~~ *individual* who is an owner of the property in both years is allowed a refund equal to 75 percent of the first \$250 of the excess of the increase over ten percent. This subdivision



does not apply to the portion of an increase in taxes payable that are attributable to improvements to the property.

*The individual claiming the refund can use only one contiguous seasonal residential and recreational property in computing the refund and is allowed only one refund. For the purposes of this subdivision, a husband and wife are treated as one individual.*

In addition to the other proofs required by this chapter, each ~~claimant~~ individual claiming a refund under this subdivision shall file with the application a copy of the property tax statement for property taxes payable in 1989 and 1990 and any other documents required by the commissioner.

Sec. 14. Laws 1989, chapter 28, section 24, is amended to read:

Sec. 24. [FEDERAL CHANGES.]

The changes made by sections 1002, 1004, 1006, 1008, 1009, 1011, 1014, 1018, 3041, 6002, 6026, and ~~6286~~ 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, which affect the computation of Minnesota gross income as defined in Minnesota Statutes, section 290.01, subdivision 20; lump sum distributions as allowed by Minnesota Statutes, section 290.032; accounting provision applied under Minnesota Statutes, section 290.07; contribution deduction allowed by Minnesota Statutes, sections 290.089 and 290.21; depreciation, amortization, and expensing provisions allowed under Minnesota Statutes, section 290.09; the recognition rules for distributions and reorganization rules provided by Minnesota Statutes, sections 290.13 to 290.139; and the grantor trust and reversionary interest rule exceptions and limitations under Minnesota Statutes, sections 290.23 and 290.25, for years beginning before January 1, 1987, shall be in effect at the same time they become effective for federal income tax purposes.

The additional statute of limitations to file amended returns allowing contributions to institutions of higher education and allowing an election to claim losses on deposits in certain insolvent financial institutions under provisions of sections 6001 and 1009 of the Technical and Miscellaneous Revenue Act of 1988, shall apply to Minnesota for the same period as the federal period applies plus an additional six months.

The waiver of the estimated tax penalties provided by section 1019 of the Technical and Miscellaneous Revenue Act of 1988, shall also apply to Minnesota to the extent the underpayment was created or increased by any provisions of the changes due to applying the federal law changes.

Sec. 15. [REPEALER.]

*Minnesota Statutes 1988, section 290.23, subdivision 15, is repealed.*

Sec. 16. [EFFECTIVE DATE.]

*Section 1 is effective on the day following final enactment. Sections 3, 5, and 15 are effective for taxable years beginning after December 31, 1989. Sections 2 and 7 are effective for taxable years beginning after December 31, 1988. Section 10 is effective for claims based on rent paid in 1989 and subsequent years and claims based on property taxes payable in 1990 and subsequent years. Sections 11 and 12 are effective beginning for property taxes payable in 1990. Section 13 is effective beginning for property taxes paid in 1990.*

ARTICLE 6  
INSURANCE TAXES

Section 1. Minnesota Statutes Second 1989 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. Except as provided in paragraph (b), installments must be based on a sum equal to two percent of the premiums described in paragraph (c).

(b) For town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) writing life insurance, or (ii) 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 (c):

(1) for premiums paid after December 31, 1988, and before January 1, 1992, one percent; and

(2) for premiums paid after December 31, 1991, one-half of one percent.

(c) Installments under paragraph (a) or (b) are percentages of gross premiums less return premiums on all direct business received by 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.

(d) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section, *unless the total tax for the current tax year is \$500 or less.*

Sec. 2. Minnesota Statutes 1988, section 60A.198, is amended by adding a subdivision to read:

*Subd. 6. [ALLOCATION OF PREMIUMS ACCORDING TO LOCATION OF SUBJECT MATTER.] If the insurance described in subdivision 4 also covers a subject of insurance residing, located, or to be performed outside this state, for the purposes of this section, a proper pro rata portion of the entire premium payable for all of that insurance must be allocated according to the subjects of insurance residing, located, or to be performed in this state.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 69.021, subdivision 6, is amended to read:

Subd. 6. [CALCULATION OF APPORTIONMENT OF AID TO COUNTIES.] With respect to firefighters, one-half of the state aid available shall be distributed to the counties in proportion to their population as shown by the last official statewide federal census. The remaining one-half of the state aid available shall be distributed to the counties in proportion to their net tax capacity, excluding mineral values.

In the case of incorporated or municipal fire departments furnishing fire protection to cities, towns or townships in other counties as evidenced by valid fire service contracts filed with the commissioner of commerce and county auditor the distribution to the respective counties shall be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments.

The state aid available in respect to peace officers shall not exceed the amount of tax collected and shall be distributed to the counties in proportion to the total number of active peace officers, as defined in section 69.011, subdivision 1, clause (g), in each county who are employed either by municipalities maintaining police departments or by the county. Any necessary adjustments shall be made to subsequent apportionments.

Sec. 4. Minnesota Statutes 1988, section 69.771, subdivision 3, is amended to read:

Subd. 3. [REMEDY FOR NONCOMPLIANCE; DETERMINATION.] Any municipality in which there exists a firefighters' relief association as specified in subdivision 1 which does not comply with the applicable provisions of sections 69.771 to 69.776 or the provisions of any applicable special law relating to the funding or financing of the association shall not qualify initially to receive, or be entitled subsequently to retain, fire state aid pursuant to sections 69.011 to 69.051 until the reason for disqualification is remedied, whereupon the municipality or relief association, if otherwise qualified, shall be entitled to again receive fire state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied. The ~~commissioner of commerce~~ *state auditor* shall determine if a municipality to which a firefighters' relief association is directly associated or a firefighters' relief association fails to comply with the provisions of sections 69.771 to 69.776 or the funding or financing provisions of any applicable special law based upon the information contained in the annual financial report of the firefighters' relief association required pursuant to section 69.051.

Sec. 5. Minnesota Statutes 1988, section 69.772, subdivision 2a, is amended to read:

Subd. 2a. [DETERMINATION OF ACCRUED LIABILITY FOR RECIPIENTS OF INSTALLMENT PAYMENTS.] Each firefighters' relief association which pays a lump sum service pension in installment payments to a retired firefighter pursuant to section 424A.02, subdivision 8, shall determine the accrued liability of the special fund of the firefighters' relief association relative to each retired member receiving a lump sum service pension in installment payments calculated individually as the sum of each future installment payment discounted at an interest rate of five percent, compounded annually, from the date the installment payment is scheduled to be paid to December 31. If the bylaws of the relief association provide for the payment of interest on unpaid installments, the amount of interest, projected to December 31, shall be added to the accrued liability attributable to each retired member. The sum of the accrued liability attributable to each retired member of the relief association receiving a lump sum service pension in installment payments shall be the total additional accrued liability of the special fund of the relief association as of December 31, and shall be added to the accrued liability of the special fund of the relief association calculated pursuant to subdivision 2 for purposes of calculating

the financial requirements of the relief association and the minimum obligation of the municipality pursuant to subdivision 3.

To the extent that the ~~commissioner of commerce~~ *state auditor* deems it to be necessary or practical, the ~~commissioner~~ *state auditor* may specify and issue procedures, forms or mathematical tables for use in performing the calculations required pursuant to this subdivision.

Sec. 6. Minnesota Statutes 1988, section 69.774, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZED INCLUSION IN FIRE STATE AID PROGRAM; COVERED NONPROFIT CORPORATIONS.] This section shall apply to any independent nonprofit firefighting corporation incorporated or organized pursuant to chapter 317 which operates exclusively for firefighting purposes, which is composed of volunteer firefighters, which has a duly established separate subsidiary incorporated firefighters' relief association which provides retirement coverage for or pays a service pension to a retired firefighter or a retirement benefit to a surviving dependent of either an active or a retired firefighter, and which operates subject to the service pension minimum requirements for entitlement to and maximums for a service pension contained in section 424A.02, or a special law modifying those requirements or maximums. Notwithstanding any law to the contrary, a municipality contracting with an independent nonprofit firefighting corporation shall be included in the distribution of fire state aid to the appropriate county auditor by the ~~commissioner of commerce~~ *state auditor* only if the independent nonprofit firefighting corporation complies with the provisions of this section.

Sec. 7. Minnesota Statutes 1988, section 299F21, subdivision 1, is amended to read:

Subdivision 1. [ESTIMATED INSTALLMENT PAYMENTS.] On or before April 15, June 15, and December 15 of each year, every licensed insurance company, including reciprocals or interinsurance exchanges, doing business in the state, excepting farmers' mutual fire insurance companies and township mutual fire insurance companies, shall pay to the commissioner of revenue installments equal to one-third of, a tax upon its fire premiums or assessments or both, based on a sum equal to one-half of one percent of the estimated fire premiums and assessments, less return premiums and dividends, on all direct business received by it in this state, or by its agents for it, in cash or otherwise, during the year, including premiums on policies covering fire risks only on automobiles, whether written under floater form or otherwise. In the case of a mutual company or reciprocal exchange the dividends or savings paid or credited to members in this state shall be construed to be return premiums. The money so received into the state treasury shall be credited to the general fund. A company that fails to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year is subject to the penalty and interest provided in this chapter, *unless the total tax for the current tax year is \$500 or less.*

Sec. 8. [EFFECTIVE DATE.]

*Sections 1, 2, and 7 are effective for tax years beginning after December 31, 1990. Sections 3, 4, 5, and 6 are effective the day after final enactment.*

## ARTICLE 7

## TECHNICAL AND ADMINISTRATIVE CHANGES

Section 1. Minnesota Statutes 1988, section 116K.04, subdivision 4, is amended to read:

Subd. 4. The commissioner shall:

- (1) Appoint the state demographer, who shall be compensated in accordance with section 43A.18, subdivision 3. The state demographer shall be professionally competent in the field of demography and shall possess demonstrated ability, based upon past performance;
- (2) Continuously gather and develop demographic data within the state;
- (3) Design and test methods of research and data collection;
- (4) Periodically prepare population projections for designated regions and for the state and may periodically prepare projections for each county, or other political or geographic division as necessary to carry out the purposes of this section;
- (5) Review, comment, and prepare analysis of population estimates and projections made by state agencies, political subdivisions, other states, federal agencies or nongovernmental persons, institutions or commissions;
- (6) Serve as the state liaison with the federal bureau of census, and coordinate the activities of the state planning agency with federal demographic activities to the fullest extent possible, and shall aid the legislature in preparing a census data plan and form for each decennial census;
- (7) Compile an annual study of population estimates on the basis of county, regional or other political or geographic divisions as necessary to carry out the purposes of this subdivision and section 116K.05;
- (8) On or before January 1 of each year, issue a report to the legislature containing an analysis of the demographic implications of the annual population study and population projections;
- (9) Cause to be prepared maps of all counties in the state, all municipalities with a population of 10,000 or more, and any other municipalities as deemed necessary for census purposes, according to scale and detail recommended by the federal bureau of the census, with the maps of cities showing boundaries of precincts; ~~and~~
- (10) Prepare an estimate of population and of the number of households for each governmental subdivision for which the metropolitan council does not prepare an annual estimate, and shall communicate the estimates to the governing body of each governmental subdivision by May 1 of each year; ~~and~~
- (11) *Prepare an estimate of population and number of households for an area annexed by a governmental subdivision subject to levy limits under sections 275.50 to 275.56 if a municipal board order under section 414.01, subdivision 14, exists for the annexation and if the population in the annexed area is equal to either (i) at least 50 people or (ii) at least ten percent of the population of a governmental subdivision or unorganized territory that is losing area by the annexation. The estimate shall be of the population as of the date, within the 12-month period after the annexation occurs, for which a population estimate for the governmental subdivision is made by either the state demographer under clause (10) or by*

*the metropolitan council.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 168.013, subdivision 5, is amended to read:

Subd. 5. [CERTAIN VEHICLES SUBJECT TO PERSONAL PROPERTY TAX.] Motor vehicles not subject to taxation as provided in section 168.012, but subject to taxation as personal property within the state *under section 273.36 or 273.37, subdivision 1, shall be assessed and valued at 33-1/3 percent of the market value thereof, have a tax capacity as provided in section 273.13, subdivision 24,* provided, that if the person against whom any tax has been levied on the ad valorem basis because of any motor vehicle shall, during the calendar year for which such tax is levied, be also taxed under the provisions of this chapter, then and in that event, upon proper showing, the commissioner of revenue shall grant to the person against whom said ad valorem tax was levied, such reduction or abatement of net tax capacity or taxes as was occasioned by the so-called ad valorem tax imposed, and provided further that, if said ad valorem tax upon any motor vehicle has been assessed against a dealer in new and unused motor vehicles, and the tax imposed by this chapter for the required period is thereafter paid by the owner, then and in that event, upon proper showing, the commissioner of revenue, upon the application of said dealer, shall grant to such dealer against whom said ad valorem tax was levied such reduction or abatement of net tax capacity or taxes as was occasioned by the so-called ad valorem tax imposed. If such motor vehicle be registered and taxed under this chapter for a fractional part of the calendar year only, then such ad valorem tax shall be reduced in the percentage which such fractional part of the years bears to a full year.

Sec. 3. Minnesota Statutes 1989 Supplement, section 272.16, is amended to read:

272.16 [TRANSFER OF SPECIFIC PART.]

*Subdivision 1. [TRANSFER OF SPECIFIC PART.]* When any part less than the whole of any parcel of land, as charged in the tax lists, is conveyed, the county auditor shall transfer the same whenever the seller and purchaser agree, in a writing signed by them, or personally appear before the county auditor and agree, upon the amount of the net tax capacity to be transferred therewith; ~~but~~. If the seller and purchaser do not so agree, the county auditor shall make ~~such~~ a division of the net tax capacity as ~~may appear that appears just to the auditor just~~. If the county auditor is satisfied that the proportion of the net tax capacity so agreed to be transferred is greater than the proportional value of the land to be transferred therewith, and that ~~such~~ the agreement was made by collusion of the parties, and with a view fraudulently to evade payment of taxes assessed on the entire parcel, the auditor may refuse to make ~~such~~ the transfer; ~~and~~. When any such transfer has already been procured by fraudulent agreement, the auditor shall cancel ~~the same~~ it, and the land so transferred shall be charged with taxes in the same manner as though the transfer had not been made.

*Subd. 2. [SPECIFIC PART CONVEYED AFTER EXECUTION OF A LENDER'S LIEN.]* Notwithstanding the provisions of sections 272.12, 272.121, and 272.162, a lender that acquires, through execution of a lien, any part less than the whole of any parcel of land, as charged in the tax lists, may convey that part upon payment of the proper proportion of taxes due and owing on that part. The county auditor shall determine the proper proportion of taxes to be paid. The lender shall be required to provide the

*county auditor with instruments that document the lender's lien and the acquisition of the part.*

Sec. 4. Minnesota Statutes 1989 Supplement, 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 as provided in *this section* and 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. *No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board of review or the county board of equalization has adjourned; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year.* Any changes made by the assessor after ~~this time~~ adjournment must be fully documented and maintained in a file in the assessor's office and shall be available for review by any person. A copy of any changes made during this period shall be sent to the county board *no later than December 31 of the assessment year.* 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. 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 1989 Supplement, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6, 8, and 9 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements

thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the ~~assessment~~ *valuation* of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, ~~the net tax capacity~~ of that lot or any single contiguous lot fronting on the same street shall be eligible for ~~reassessment~~ *revaluation*. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 273.124, subdivision 6, is amended to read:

Subd. 6. [LEASEHOLD COOPERATIVES.] When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317 and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1988, 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 chapter 308A and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(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 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;

(d) the cooperative must meet one of the following criteria with respect to the income of its members: (1) a minimum of 75 percent of members must have incomes at or less than 80 percent of area median income, (2) a minimum of 40 percent of members must have incomes at or less than



60 percent of area median income, or (3) a minimum of 20 percent of members must have incomes at or less than 50 percent of area median income. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires his or her cooperative membership, and "median income" means the St. Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317 and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1988, and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, ~~then (1)~~ the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property, ~~and (2) prior to the mailing of the notice.~~ *For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the documents identified in the notice must have been articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed;* and

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision.

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. 7. Minnesota Statutes Second 1989 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 has a class rate of 3.6 percent of market value.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(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;

(4) a dwelling, garage, and surrounding one acre of property on a non-homestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 3.0 percent of market value.

(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, 1988; 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), (2), and (3) and in paragraph

(d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units.

(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

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 225 days in the year preceding the year of assessment. For 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 225 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause and clause (6) also includes the remainder of class 1c resorts; and

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1988. For purposes of this clause, "revenue-producing activities" shall include but not be limited

to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity; and

Class 4c property has a class rate of 2.4 percent of market value.

(d) Class 4d property includes any structure:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the farmers home administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. Classification under this clause is only available to property of a nonprofit or limited dividend entity.

Class 4d property has a class rate of 1.7 percent of market value for taxes payable in 1990, and two percent of market value for taxes payable thereafter.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (2); or paragraph (c), clause (1), (2), (3), or (4); ~~or paragraph (d)~~, is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316. *Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.4 percent of market value if it is found to be a substandard building under section 273.1316.*

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 273.1391, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1990 and subsequent years, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which

is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10. The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the tax, but not to exceed the maximums specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(c) The maximum reduction of the tax ~~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.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net tax capacity percentage to the gross tax capacity percentage applicable to the first \$68,000 of the market value of residential homesteads, and "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after application of the credits payable under Minnesota Statutes 1988, section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.

Sec. 9. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 1, is amended to read:

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

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of tax capacity rates.

(c) "Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing

jurisdiction's gross tax capacity of commercial industrial property as defined in section 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, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity cannot be less than zero.

(d) "Net tax capacity" means the product of the appropriate net class rates for the year in which the aid is payable, except that for class 3 utility real and personal property the class rate applied shall be 5.38 percent, and estimated market values for the assessment two years prior to that in which aid is payable. "Total net tax capacity" means the net tax capacities for all property within the 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, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(e) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

(f) "Local tax rate" means the quotient derived by dividing the gross taxes levied within a unique taxing jurisdiction for taxes payable in 1989 by the gross tax capacity of the unique taxing jurisdiction for taxes payable in 1989. For computation of the local tax rate for aid payable in 1991 and subsequent years, gross taxes for taxes payable in 1989 exclude equalized levies as defined in subdivision 2a. For purposes of computation of the local tax rate only, gross taxes shall not be adjusted by inflation or household growth.

(g) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.

(h) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties" 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 or gross tax capacity, 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 1989. Gross taxes are before any reduction for disparity reduction aid. Gross taxes levied cannot be less than zero.

For homestead and agricultural credit aid payable in 1991 and subsequent years, "gross taxes" or "gross taxes levied on all properties" shall mean gross taxes payable in 1989, excluding taxes defined as "equalized levies" *actual amounts levied for the purposes listed in subdivision 2a, multiplied by the cost-of-living adjustment factor and the household adjustment factor.*

(i) "Human services aids" means:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision 6;

(4) general assistance under section 256D.03, subdivision 2;

(5) work readiness under section 256D.03, subdivision 2;

(6) emergency assistance under section 256.871, subdivision 6;

(7) Minnesota supplemental aid under section 256D.36, subdivision 1;

(8) preadmission screening and alternative care grants under section 256B.091;

(9) work readiness services under section 256D.051;

(10) case management services under section 256.736, subdivision 13;

(11) general assistance claims processing, medical transportation and related costs; and

(12) medical assistance, medical transportation and related costs.

(j) "Adjustment factor" means one plus the percentage change in (1) the ratio of estimated market value of residential ~~homesteads~~ *property* to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years prior to the year in which the aid is payable. If the market value of farm homesteads exceeds the market value of residential homesteads in the city or township containing the unique taxing jurisdiction *for the assessment two years prior to the year in which the aid is payable*, "~~adjusted~~ *adjustment factor*" means one plus the percentage change in the ratio of the estimated market value of farm ~~homesteads~~ *property* to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years prior to the year in which the aid is payable. The adjustment factor cannot be less than

one. Estimates of market value for the assessment one year prior to the year in which the aid is paid will be made on the basis of the abstract submitted pursuant to section 270.11. Discrepancies between the estimate and actual market values will not result in increased or decreased aid in the year in which the estimates are used to compute aid.

(k) "Cost-of-living adjustment factor" means one plus the percentage, if any, by which:

(1) the consumer price index for the calendar year preceding that in which aid is payable, exceeds

(2) the consumer price index for calendar year 1989.

(l) "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12-month period ending on May 31 of such calendar year.

(m) "Consumer price index" means the last consumer price index for all-urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989 shall be used.

(n) "Household adjustment factor" means the number of households for the most recent year preceding that in which the aids are payable divided by the 1988 number of households. The household adjustment factor cannot be less than one.

Sec. 10. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] (a) Initial homestead and agricultural credit aid for each unique taxing jurisdiction equals the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. The commissioner of revenue may, in computing the amount of the homestead and agricultural credit aid paid in 1990, adjust the gross tax capacity, net tax capacity, and gross taxes of a taxing jurisdiction for taxes payable in 1989 to reflect auditor's errors in computing taxes payable for 1989 in unique taxing jurisdictions within independent school district Nos. 720 and 792. Homestead and agricultural credit aid cannot be less than zero.

(b)(1) The homestead and agricultural credit aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction.

(2) The 1990 homestead and agricultural credit aid so determined for school districts for purposes of general education levies pursuant to section 124A.23, subdivisions 2 and 2a, and transportation levies pursuant to section 275.125, subdivisions 5 and 5c, shall be multiplied by the ratio of the adjusted gross tax capacity based upon the 1988 adjusted gross tax capacity to the estimated 1987 adjusted gross tax capacity based upon the 1987 adjusted assessed value.

(3) 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 homestead and agricultural credit 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) The calendar year 1990 homestead and agricultural credit aid shall be adjusted by the adjustment factor.

(d) Payments under this subdivision to counties in 1990 and subsequent years shall be reduced by the amount provided in section 477A.012, subdivisions 3, paragraph (d), and 4, paragraph (d).

(e) Payments under this subdivision to cities and towns shall be annually reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivision 6.

Sec. 11. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL HOMESTEAD AND AGRICULTURAL CREDIT GUARANTEE.] Beginning with taxes payable in 1990, each unique taxing jurisdiction may receive additional homestead and agricultural credit guarantee payments.

(1) Each year, the commissioner shall determine the total education aids paid under chapters 124 and 124A, homestead and agricultural credit 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~~ *human services aids, including for aids paid in 1991 and thereafter, the amount paid under subdivision 5b*, paid to counties for each taxing jurisdiction. The commissioner 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 commissioner will compute a gross tax capacity rate for each taxing jurisdiction equal to its total levy divided by its gross tax capacity under Minnesota Statutes 1988, section 273.13. 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 property that would have been eligible for the homestead credit or the agricultural credit for taxes payable in 1989. An estimated credit amount will be determined for all qualifying parcels 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 guarantee 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 in the following year. The commissioner shall certify the amounts of additional credits determined under this subdivision to the county auditor at the time provided in subdivision 6.

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 5a, is amended to read:

Subd. 5a. [AID ADJUSTMENT FOR COUNTY HUMAN SERVICES AID.] (a) There shall be transferred to the human services aid account from the payment to a county under subdivision 2 an amount representing a

county's human services aid increase as calculated in subdivision 5b, paragraphs (a) to (c). The amount calculated for each county shall be deducted ~~from the first payment to the~~ *equally from the July and December payments to the* county under this section in 1991 and subsequent years. ~~If the deduction exceeds the amount of the first payment, the balance shall be subtracted from the second payment.~~ The amount of the payments under subdivision 2 shall not be less than zero as a result of this adjustment.

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before December 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government and pay them 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. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax ~~nor shall homestead and agricultural credit aid be payable on the part of a levy to which homestead and agricultural credit aid was separately allocated under subdivision 2, paragraph (b), clause (2), which is no longer levied.~~

Sec. 14. Minnesota Statutes 1988, 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 *or classification which are intended to correct errors in judgment by the county assessor* may be made by the county assessor *after the board of review or the county board of equalization has adjourned; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted 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 adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period must be sent to the county board no later than December 31 of the assessment year.~~

(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. 15. Minnesota Statutes Second 1989 Supplement, section 274.14, is amended to read:

**274.14 [LENGTH OF SESSION; RECORD.]**

The county board of equalization or the special board of equalization appointed by it shall meet during the last two weeks in June that contain ten meeting days, excluding Saturday and Sunday. No action taken by the

county board of review after June 30 is valid, *except for corrections permitted in sections 273.01 and 274.01*. The county auditor shall keep an accurate record of the proceedings and orders of the board. The record must be published like other proceedings of county commissioners. A copy of the published record must be sent to the commissioner of revenue, with the abstract of assessment required by section 274.16.

Sec. 16. Minnesota Statutes Second 1989 Supplement, section 274.175, is amended to read:

274.175 [VALUES FINALIZED.]

The assessments recorded by the county assessor and the county auditor under sections 273.124, subdivision 9; 274.16; 274.17; or other law for real and personal property are final on July 1 of the assessment year, except for property added to the assessment rolls under section 272.02, subdivision 4, or deleted because of tax forfeiture pursuant to chapter 281. No changes in value may be made after July 1 of the assessment year, *except for corrections permitted in sections 273.01 and 274.01*.

Sec. 17. Minnesota Statutes Second 1989 Supplement, section 275.07, subdivision 3, is amended to read:

Subd. 3. The county auditor shall adjust each local government's levy certified under subdivision 1 by the amount of homestead and agricultural credit aid certified by section 273.1398, subdivision 2, reduced by the amount under section 273.1398, subdivision 5a, and equalization aid certified by section 477A.013, subdivision 5. ~~If a local government's homestead and agricultural credit 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 homestead and agricultural credit aid was allocated is the levy or fund which must be adjusted.~~

Sec. 18. Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1989 payable in 1990 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) for taxes levied in 1990, payable in 1991 and subsequent years, pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this clause for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph (i), are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance programs" include income maintenance programs in section 273.1398, subdivision 1, paragraph (i), to the extent the county provides benefits under those programs over the statutory mandated standards. Effective with taxes levied in 1990, the portion of this special levy for human service programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except

on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c, or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(c) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(e) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(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;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5;

(k) pay the cost of hospital care under section 261.21;

(l) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements

out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3;

(m) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 275.51, subdivision 3;

(n) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 275.51, subdivision 3. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(o) pay the operating cost of regional library services authorized under section 134.34, subject to a maximum increase over the previous year of the greater of (1) 103 percent multiplied by one plus the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause (b), or (2) six percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year. In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

(p) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6;

(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15;

(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereafter, counties levying under this provision must levy under clause (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph;

(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990;

(t) for taxes levied in 1990 only by a county in the eighth judicial district, provide an amount equal to the amount of the levy, if any, that is required under Laws 1989, chapter 335, article 3, section 54, subdivision 8;

(u) for taxes levied in 1989, payable in 1990 only, pay the costs not reimbursed by the state or federal government:

(i) for the costs of purchase or delivery of social services. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties.

(ii) for payments made to or on behalf of recipients of aid under any public assistance program authorized by law. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent and must be used only for the public assistance programs; and.

*If the amount levied under this paragraph (u) in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991; and*

(v) pay an amount of up to 25 percent of the money sought for distribution and approved under section 115A.557, subdivision 3, paragraph (b), clause (3).

~~If the amount levied in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991.~~

Sec. 19. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 with additions and subtractions as specified in paragraphs (b) and (c).

(b) The amounts to be added to the actual 1988 levy are (1) the amount of local government aid the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014, (2) its 1988 taconite aids under sections 298.28 and 298.282, and (3) its 1988 wetlands and native prairie reimbursements under Minnesota Statutes 1986, sections 273.115, subdivision 3, and 273.116, subdivision 3.

(c) The amounts to be subtracted from the actual 1988 levy are (1) any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4); and (2) for a governmental subdivision participating in a regional library system receiving grants from the department of education under

section 134.34, the amount levied for taxes payable in 1988 for the operating costs of a public library service.

(d) For taxes levied in 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year, provided that for taxes levied in 1989, the amount of the administrative reimbursement aid received in 1988 shall be added to the base.

(e) For taxes levied by a county in 1989, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to 90 percent of the cost of public defender services for felonies and gross misdemeanors and the costs of law clerks in the county that are assumed by the state during calendar year 1990, less 103 percent of one-half the amount of fees collected by the courts in the county during calendar year 1988. For taxes levied in 1990, the levy limit base determined under paragraph (d) *shall first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b) for taxes levied in 1989, and then* shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the cost of law clerks in the county that are assumed by the state during calendar year 1991, less the amount of fees collected by the courts in the county during calendar year 1989, computed at the rate of \$30 for civil and probate filings and \$20 for marriage dissolutions.

(f) For taxes levied in 1989 only, by a county that is located in the eighth judicial district, the levy limit base determined under paragraphs (d) and (e) shall be further reduced by an amount equal to 90 percent of the cost of operation of the trial courts in the county during calendar year 1990 that are assumed by the state and for which an appropriation is provided, less 103 percent of the sum of (1) the remaining one-half of the amount of fees and (2) 100 percent of the amount of fines collected by the courts in the county during calendar year 1988. For taxes levied in 1990 only by those counties, the levy limit base determined under paragraphs (d) and (e) *shall first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b) for taxes levied in 1989, and then* shall be ~~further~~ reduced by an amount equal to the cost of operation of the trial courts in the county during the first six months of calendar year 1991 that are assumed by the state less 50 percent of the amount of fines collected by the courts during calendar year 1989.

(g) By October 15, 1989, the board of public defense shall determine and certify to the commissioner of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during the six-month period beginning July 1, 1990. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during the three-month period beginning October 1, 1990, plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during calendar year 1990.

By July 15, 1990, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during calendar year 1991. By July 15, 1990, the supreme court shall determine and certify



to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during calendar year 1991 plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during the first six months of 1991.

(h) For taxes levied in a county in 1991, the levy limit base shall be reduced by an amount equal to the cost in the county of court reporters, judicial officers, and district court referees and the expenses of law clerks and court reporters as authorized in sections 484.545, subdivision 3, and 486.05, subdivisions 1 and 1a, as certified by the supreme court pursuant to section 477A.012, subdivision 4.

(i) If a governmental subdivision received an adjustment to its levy limit base for taxes levied in 1988 under section 275.51, subdivision 3j, its levy limit base for taxes levied in 1989 must be reduced by the lesser of (1) the adjustment under section 275.51, subdivision 3j, or (2) the difference between its (i) levy limit for taxes levied in 1988 and its (ii) total actual levy for taxes levied in 1988 minus any special levies claimed for taxes levied in 1988 under section 275.50, subdivision 5.

Sec. 20. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3h, is amended to read:

Subd. 3h. [ADJUSTED LEVY LIMIT BASE.] For taxes levied in 1989 and thereafter, the adjusted levy limit base is equal to the levy limit base computed pursuant to subdivision 3f, increased by:

(a) three percent for taxes levied in 1989 and subsequent years;

(b) a percentage equal to (1) one-half of the greater of the percentage increases in population or in number of households, if any, for cities and towns and (2) the lesser of the percentage increase in population or the number of households, if any, for counties, using figures derived pursuant to subdivision 6;

(c) the amount of a permanent increase in the levy limit base approved at a general or special election held during the 12-month period ending ~~September 30~~ *four working days after December 20* of the levy year under section 275.58, subdivisions 1 and 2;

(d) for levy year 1989, for a county which incurred costs since October 1978, for the litigation of federal land claims under United States Code, title 18, section 1162; United States Code, title 25, section 331; and United States Code, title 28, section 1360; an amount of up to the actual costs incurred by the county for this purpose. This adjustment shall not exceed \$250,000;

(e) for levy year 1989, an amount of \$1,724,000 for Ramsey county for implementing the local government pay equity act under sections 471.991 to 471.999. Furthermore, in levy years 1990 and 1991, an additional amount of \$862,000 shall be added to Ramsey county's adjusted levy limit base under this clause for each of the two years; and

(f) for levy year 1989, an amount equal to the decrease in a county's 50 percent share of the powerline taxes extended between taxes payable years 1988 and 1989 under section 273.42, subdivision 1. The adjustment shall be determined by the department of revenue.

For taxes levied in 1989, the adjusted levy limit base is reduced by an amount equal to the estimated amount of the reduction in aids to a county

under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990.

Sec. 21. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 6, is amended to read:

Subd. 6. [POPULATION AND HOUSEHOLD ESTIMATES.] For the purpose of determining the amount of tax that a governmental subdivision may levy in accordance with limitation established by this chapter, the population or the number of households of the governmental subdivision shall be that established by the last federal census, by a census taken pursuant to section 275.14, or by an estimate made by the metropolitan council, or by the state demographer made pursuant to section 116K.04, subdivision 4, whichever is the most recent as to the stated date of count or estimate, for the calendar year preceding the current levy year. *If the area included in a governmental subdivision has increased due to annexation in the 12 months prior to the most recent population estimate for the calendar year preceding the current levy year and the adjusted levy limit base is modified under section 275.54, subdivision 3, the percentage increases in population and households determined in subdivision 3h are to be based on the change in population and number of households in the area included in the governmental subdivision before the annexation.*

Sec. 22. Minnesota Statutes 1988, section 275.54, is amended to read:

275.54 [CONSOLIDATION AND ANNEXATION OF GOVERNMENTAL SUBDIVISIONS.]

Subdivision 1. If all or part of the area included within two or more governmental subdivisions is consolidated, merged, or otherwise combined to constitute a single governmental subdivision, and differing limitations upon the amount of tax levy per capita apply to the governmental subdivisions from which the consolidated, merged, or otherwise combined governmental subdivision was formed, the limitation applicable to the surviving entity for purposes of sections 275.50 to 275.56 shall be equal to the highest limitation applicable to any one of the constituent subdivisions prior to the consolidation, merger or other combination.

Subd. 2. If a function or service of one governmental subdivision is transferred to another governmental subdivision, the levy limitations established by Extra Session Laws 1971, chapter 31, shall be adjusted by the commissioner of revenue in such manner so as to fairly and equitably reflect the reduced or increased property tax burdens of such subdivisions resulting from such transfer. The aggregate of the adjusted limitations shall not exceed the aggregate of such limitations prior to adjustment.

Subd. 3. [ADJUSTMENTS AFTER ANNEXATION.] *If the area included within the governmental subdivision is increased due to annexation in the 12 months prior to the most recent population estimate for the calendar year preceding the current levy year and the state demographer prepares a population estimate for the annexed area under section 116K.04, subdivision 4, paragraph (11), the governmental subdivision's adjusted levy limit base under section 275.51, subdivision 3h, must be adjusted in the following manner:*

(a) *A percentage will be calculated equal to the percentage increase in population in the governmental subdivision due to annexation determined by dividing the population of the annexed area by the population of the governmental subdivision excluding the annexed area, using population*

*estimates for the calendar year preceding the current levy year.*

*(b) The governmental subdivision's adjusted levy limit base under section 275.51, subdivision 3h, after giving effect to paragraphs (a) and (b) of subdivision 3h, but before any other paragraphs in section 275.51, subdivision 3h, shall be increased by the percentage calculated in paragraph (a) of this subdivision.*

*For purposes of section 275.51, subdivision 3f, the term "adjusted levy limit base" includes the adjustment made under this subdivision for the preceding year.*

Sec. 23. Minnesota Statutes 1988, section 287.21, subdivision 2, is amended to read:

Subd. 2. The proceeds of the taxes levied and collected under sections 287.21 to 287.36 ~~on or after July 1, 1985,~~ shall be ~~credited~~ apportioned, 97 percent to the ~~county revenue~~ general fund of the state, and three percent to the county revenue fund.

Sec. 24. Minnesota Statutes Second 1989 Supplement, section 287.29, subdivision 1, is amended to read:

Subdivision 1. On or before the tenth day of each month, the county treasurer shall determine and pay to the commissioner of revenue for deposit in the state treasury and credit to the general fund *the state's portion of* the receipts from the sale of documentary stamps during the preceding month. The county treasurer shall provide any related reports requested by the commissioner of revenue.

Sec. 25. Minnesota Statutes 1989 Supplement, section 298.28, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] (a) 27.5 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c).

(b) 5.5 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts in which the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405;

or any law imposing a tax on severed mineral values that is less than the amount of its levy reduction under section 275.125, subdivision 9, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of ~~0.04234~~ 1.8 percent times the district's taxable ~~market value~~ net tax capacity in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 124A.03, subdivision 2, in the previous year, to the product of ~~0.04234~~ 1.8 percent times the district's taxable ~~market value~~ net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$150 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

Sec. 26. Minnesota Statutes 1989 Supplement, section 469.177, subdivision 1a, is amended to read:

Subd. 1a. [ORIGINAL TAX CAPACITY RATE.] At the time of the initial certification of the original net tax capacity for a tax increment financing district, the county auditor shall certify the original tax capacity rate that applies to the district. The original tax capacity rate is the sum of all the

tax capacity rates that apply to a property in the district ~~for the taxes payable in the calendar year in which the initial certification of.~~ *The tax capacity rate to be certified is the rate in effect for the same taxes payable year applicable to the tax capacity values certified as the district's original net tax capacity is requested under subdivision 4.* If the total tax capacity rate applicable to properties in the tax increment financing district varies, the tax capacity rate must be computed by determining the average total tax capacity rate in the district, weighted on the basis of net tax capacity. The resulting tax capacity rate is the original tax capacity rate for the life of the district.

Sec. 27. Minnesota Statutes Second 1989 Supplement, section 473F08, subdivision 8a, is amended to read:

Subd. 8a. [FISCAL DISPARITIES ADJUSTMENT.] In any year in which the highest class rate for class 3a property changes from the rate in the previous year, the following adjustments shall be made to the procedures described in sections 473F06 to 473F08.

(1) An initial contribution tax capacity shall be determined for each municipality based on the previous year's class rates.

(2) Each jurisdiction's distribution tax capacity shall be determined based upon the areawide tax base determined by summing the tax capacities computed under clause (1) for all municipalities and apportioning the resulting sum pursuant to section 473F07, subdivision 5.

(3) Each jurisdiction's distribution levy shall be determined by applying the procedures described in subdivision 3, clause (a), to the distribution tax capacity determined pursuant to clause (2).

(4) Each municipality's final contribution tax capacity shall be determined equal to its initial contribution tax capacity multiplied by the ratio of the new highest class rate for class 3a property to the previous year's highest class rate for class 3a property.

(5) *For the purposes of computing education aids and any other state aids requiring the addition of the fiscal disparities distribution tax capacity to the local tax capacity, each municipality's final distribution tax capacity shall be determined equal to its initial distribution tax capacity multiplied by the ratio of the new highest class rate for class 3a property to the previous year's highest class rate for class 3a property.*

(6) The areawide tax capacity rate shall be determined by dividing the sum of the amounts determined in clause (3) by the sum of the values determined in clause (4).

~~(6)~~ (7) The final contribution tax capacity determined in clause (4) shall also be used to determine the portion of each commercial/industrial property's tax capacity subject to the areawide tax capacity rate pursuant to subdivision 6.

Sec. 28. Minnesota Statutes 1989 Supplement, section 477A.011, subdivision 15, is amended to read:

Subd. 15. [CITY REVENUE.] "City revenue" equals the sum of (i) the city's aid payable under section 477A.013, *except for aid payable under section 477A.013, subdivision 5*, 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.

Sec. 29. Minnesota Statutes 1988, section 477A.011, is amended by adding a subdivision to read:

*Subd. 26. [LEVY.] "Levy" means the levy as defined in section 275.07, subdivision 1, including the fiscal disparities distribution levy.*

Sec. 30. Minnesota Statutes Second 1989 Supplement, section 477A.012, subdivision 3, is amended to read:

Subd. 3. [AID OFFSET FOR COURT COSTS.] (a) There shall be deducted from the payment to a county under this section an amount representing the cost to the state for assumption of the cost of district court administration and operation of the trial court information system in the county and, in the case of Hennepin and Ramsey counties, of public defense services in juvenile and misdemeanor cases in the county. The amount of the deduction shall be computed as provided in this subdivision.

(b) By October 15, 1989, the board of public defense shall determine and certify to the department of revenue the cost of the state-financed public defense services in juvenile and misdemeanor cases for Hennepin and Ramsey counties during the fiscal year beginning the following July 1. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the pro rata estimated share for each county of district court administration and trial court information system costs during the fiscal year beginning on the following July 1.

(c) One-half of the amount computed under paragraph (b) for each county shall be deducted from each payment to the county under section 477A.015 in 1990 and each subsequent year.

(d) If the amount computed under paragraph (b) plus, if applicable, the amount deducted under paragraph (c), exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the aid payable to the county under section 273.1398, subdivision 2.

(e) By July 15, 1990, the board of public defense and the supreme court shall determine and certify to the department of revenue the final actual budgeted amounts for the activities described in paragraph (b). If the amount certified under paragraph (b) is greater than the amount certified under this paragraph, the excess shall be ~~deducted from~~ *added to* the aid payable to the county in 1991 and each subsequent year under this section. If the amount certified under paragraph (b) is less than the amount certified under this paragraph, the difference shall be ~~added to~~ *subtracted from* the aid payable to the county in 1991 and each subsequent year under this section.

Sec. 31. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 3, is amended 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, a city whose initial aid is greater than \$0 will receive an amount equal to the aid it received under this section 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.

In 1991 and subsequent years, a city whose initial aid is greater than \$0 will receive an amount equal to the aid it received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to 25 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, or (3) 15 percent of the total amount received under this section in the previous year, provided that no city will receive an increase that is less than two percent of its 1989 local government aid for aids payable in 1990.

A city whose initial aid is \$0 will receive in 1990 an amount equal to 102 percent of the local government aid it received in 1989 under Minnesota Statutes 1988, section 477A.013. A city whose initial aid is \$0 will receive in 1991 and subsequent years an amount equal to the aid it received in the previous year under this section. For purposes of this subdivision, the term "local government aid" includes equalization aid for aids payable in 1991 and thereafter.

Sec. 32. Laws 1989, First Special Session chapter 1, article 3, section 35, is amended to read:

Sec. 35. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment and is intended to confirm and clarify the original intent of the legislature in the taxation and equalization of state-assessed public utility property.

Sections 2 ~~and~~, 7, ~~and~~ 23 are effective for taxes payable in 1991 and thereafter.

Sections 3, 5, 8, 11, 12, ~~23~~, 26, and 28 are effective for taxes payable

in 1990 and thereafter.

Section 4 is effective January 1, 1989.

Sections 6, 9, 21, 29 to 32, and 34 are effective the day following final enactment.

Section 10 is effective for taxes levied in 1989, payable in 1990 and thereafter, provided that cooperatives that qualified under Minnesota Statutes, section 273.124, subdivision 6, on January 2, 1989, shall meet the board membership requirements of paragraph (a) by December 1, 1989, and shall meet the requirements of section 501(c)(3) or 501(c)(4) status under the Internal Revenue Code in the first paragraph and in paragraph (e) by January 1, 1990, and that the notice and filing requirements of paragraphs (f) and (g) shall apply only to leasehold cooperatives created later than 60 days after the date of enactment of this act.

Sections 13, 19, and 20 are effective January 1, 1991.

Section 14, paragraph (i), clauses (1) to (12), are effective for aids paid in 1991 and thereafter. The rest of section 14 and sections 15, 17, 18, and 22 are effective for aids paid in 1990 and thereafter, except as otherwise provided in those sections.

Section 16 is effective for aids payable in 1991 and thereafter.

Sections 24 and 25 are effective for mortgage registration and deed taxes collected after November 30, 1990.

Section 27 is effective for taconite produced in 1989, proceeds distributed in 1990, and thereafter.

Section 33 is effective July 1, 1991.

Sec. 33. Laws 1989, First Special Session chapter 1, article 9, section 86, is amended to read:

Sec. 86. [EFFECTIVE DATES.]

Section 5 is effective for school district referenda held after July 15, 1990, for property taxes levied in 1990, payable in 1991, and thereafter.

Sections 1 to 4, 6 to 8, 10 to 12, 17, 19 to 21, 26 to 30, 41 to 46, 48, 50 to 52, 51, and 66 to 77 are effective for taxes levied in 1990, payable in 1991, and thereafter.

The part of section 9 changing the meeting date of the state board of equalization is effective for taxes levied in 1990, payable in 1991, and thereafter. The rest of section 9 and sections 13 to 16, 22 to 25, 78, and 82, 84, and 85 are effective the day following final enactment.

Section 18 is effective for sales after January 1, 1990.

Sections 31 to 38 and 40 are effective for taxes levied in 1990, payable in 1991, and thereafter, except as otherwise provided.

Sections 39, 47, 49, 52, 54 to 64, 79, and 80 are effective for property taxes levied in 1989, payable in 1990, and thereafter.

Section 53 is effective for property taxes levied in 1989, payable in 1990, and thereafter, except that the provision requiring certification of aids by September 1, is effective for taxes levied in 1990, payable in 1991, and thereafter.



Sections 65 and 81 are effective July 1, 1990.

Section 83 is effective only for taxes levied in 1989, payable in 1990.

Sec. 34. [REPEALER.]

*Minnesota Statutes 1988, section 272.70, is repealed.*

Sec. 35. [EFFECTIVE DATE.]

*Sections 1, 4, 6, 14 to 16, and 32 to 34 are effective the day following final enactment.*

*Sections 2, 5, 8 to 11, 13, 17, 18, 20, and 26 to 28 are effective for taxes levied in 1989 and thereafter, payable in 1990 and thereafter, except as otherwise provided.*

*Section 12 is effective January 1, 1991.*

*Sections 7, 19, 21, and 22 are effective for taxes levied in 1990 and thereafter, payable in 1991 and thereafter.*

*Sections 23 and 24 are effective for deed taxes collected after November 30, 1990.*

*Section 25 is effective for production year 1989 and thereafter, taxes payable in 1990 and thereafter.*

*Sections 29 to 31 are effective for aid paid in 1991 and thereafter.*

## ARTICLE 8

### PROPERTY TAX PAYMENTS, INTEREST RATES, AND SETTLEMENTS

Section 1. Minnesota Statutes Second 1989 Supplement, section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.]

*On the later of May 20 of each year or 26 calendar days after the postmark date on the envelopes containing real or personal property tax statements, the county treasurer shall make full settlement with the county auditor of all receipts collected for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after the settlement, send an abstract of it to the state auditor in the form prescribed by the state auditor. At the settlement the treasurer shall make complete returns of the receipts on the current tax list, showing the amount collected on account of the several funds included in the list.*

*Settlement of receipts from the later of May 20 or the actual settlement date to December 31 of each year must be made as provided in section 276.111.*

For purposes of this section, "receipts" includes all tax payments received by the county treasurer on or before the settlement date.

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 276.10, is amended to read:

276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.]

*On the settlement day in May of determined in section 276.09 for each*

year, the county auditor and county treasurer shall distribute all undistributed funds in the treasury. The funds must be apportioned as provided by law, and credited to the state, town, city, school district, special district and each county fund. Within 20 days after the distribution is completed, the county auditor shall report to the state auditor in the form prescribed by the state auditor. The county auditor shall issue a warrant for the payment of money in the county treasury to the credit of the state, town, city, school district, or special districts on application of the persons entitled to receive the payment. The county auditor may apply the tax capacity rate from the year before the year of distribution when apportioning and distributing delinquent tax proceeds, if the composition of the previous year's tax capacity rate between taxing districts is not significantly different ~~than~~ from the tax capacity rate that existed for the year of the delinquency.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 276.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] As soon as practical after the ~~May~~ settlement day determined in section 276.09, the county treasurer shall pay to the state treasurer or the treasurer of a town, city, school district, or special district, on the warrant of the county auditor, all receipts of taxes levied by the taxing district and deliver up all orders and other evidences of indebtedness of the taxing district, taking triplicate receipts for them. The treasurer shall file one of the receipts with the county auditor, and shall return one by mail on the day of its receipt to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall keep the receipt in the clerk's office. Upon written request of the taxing district, to the extent practicable, the county treasurer shall make partial payments of amounts collected periodically in advance of the next settlement and distribution. A statement prepared by the county treasurer must accompany each payment. It must state the years for which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties on the tax. Upon written request of a taxing district, except school districts, the county treasurer shall pay at least 70 percent of the estimated collection within 30 days after the ~~May~~ settlement date determined in section 276.09. Within seven business days after the due date, or 28 calendar days after the postmark date on the envelopes containing real or personal property tax statements, whichever is latest, the county treasurer shall pay to the treasurer of the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district, unless the school district elects to receive 50 percent of the estimated collections arising from taxes levied by and belonging to the school district after making a proportionate reduction to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, 50 percent of those adjusted, estimated collections shall be paid by the county treasurer to the treasurer of the school district within seven business days of the due date. The remaining 50 percent of the estimated collections must be paid to the treasurer of the school district within the next seven business days of the later of the dates in the preceding sentence, unless the school district elects to receive the remainder of its estimated collections after a proportionate reduction has been made to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, the remaining 50 percent of those adjusted, estimated collections shall be paid by the county treasurer to the treasurer of the school district within 14 days of the due date. The treasurer shall pay

the balance of the amounts collected to the state or to a municipal corporation or other body within 60 days after the ~~May~~ settlement date *determined in section 276.09*. After 45 days interest at an annual rate of eight percent accrues and must be paid to the taxing district. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district, in a civil action.

Sec. 4. Minnesota Statutes 1988, section 276.111, is amended to read:  
276.111 [DISTRIBUTIONS AND FINAL YEAR-END SETTLEMENT.]

Within seven business days after October 15, the county treasurer shall pay to the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district from ~~May 20~~ *the settlement day determined in section 276.09* to October 20. The remaining 50 percent of the estimated tax collections must be paid to the school district within the next seven business days. Within ten business days after November 15, the county treasurer shall pay to the school district 100 percent of the estimated collections arising from taxes levied by and belonging to the school districts from October 20 to November 20.

Within ten business days after November 15, the county treasurer shall pay to each taxing district, except any school district, 100 percent of the estimated collections arising from taxes levied by and belonging to each taxing district from ~~May 20~~ *the settlement day determined in section 276.09* to November 20.

On or before January 5, the county treasurer shall make full settlement with the county auditor of all receipts collected from ~~May 20~~ *the settlement day determined in section 276.09* to December 31. After subtracting any tax distributions that have been made to the taxing districts in October and November, the treasurer shall pay to each of the taxing districts on or before January 25, the balance of the tax amounts collected on behalf of each taxing district. Interest accrues at an annual rate of eight percent and must be paid to the taxing district if this final settlement amount is not paid by January 25. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district in a civil action.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 277.01, subdivision 1, is amended to read:

Subdivision 1. *Except as provided in this subdivision, all unpaid personal property taxes shall be deemed delinquent on May 16 next after they become due or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, and thereupon a penalty of eight percent shall attach and be charged upon all such taxes. In the case of unpaid personal property taxes due and owing under section 272.01, subdivision 2, or section 273.19, the first half shall become delinquent if not paid before May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, and thereupon a penalty of eight percent shall attach on the unpaid first half; and the second half shall become delinquent if not paid before October 16, and thereupon a penalty of eight percent shall attach on the unpaid second half. This section shall not apply to Class 2a property.*

A county may provide by resolution that in the case of a property owner that has multiple personal property tax statements with the aggregate taxes exceeding \$50, payments may be made in installments as provided in this

subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 277.011 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 277.02, is amended to read:

**277.02 [DELINQUENT LIST FILED IN COURT.]**

*By June 15* Within 30 days of the due date under section 277.01, subdivision 1, of each year, the county treasurer shall make a list of all personal property taxes remaining delinquent ~~May 16~~, and by November 15 of each year the county treasurer shall make a list of all personal property taxable under section 272.01, subdivision 2, or section 273.19 remaining delinquent October 16. The county treasurer shall immediately certify to and file ~~the same~~ each list with the court administrator of the district court of the county, ~~and~~. Upon ~~such~~ filing, the list shall be prima facie evidence that all of the provisions of law in relation to the assessment and levy of ~~such~~ taxes have been complied with.

Sec. 7. Minnesota Statutes Second 1989 Supplement, 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 July 15 following~~, a list of ~~such~~ the taxes, ~~30 days after the date in section 277.02~~. The list shall be filed 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 ~~and the list of such taxes as they apply to property taxable under section 272.01, subdivision 2, or section 273.19 shall be filed on December 15~~. 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~~ Within ten days after the list has been filed by the sheriff, the court administrator shall deliver ~~such~~ the 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 *and as they apply to property taxable under section 272.01, subdivision 2, or section 273.19 on or before December 24.* 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. 8. Minnesota Statutes Second 1989 Supplement, section 277.06, is amended to read:

277.06 [CITATION TO DELINQUENTS; DEFAULT JUDGMENT.]

On September 5, 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. The county auditor shall file a copy of the revised list as it applies to manufactured homes on January 20 *and a copy of the revised list as it applies to property taxable under section 272.01, subdivision 2, or section 273.19 on February 15.* Within ten days 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. 9. Minnesota Statutes 1988, section 277.15, is amended to read:

277.15 [INTEREST.]

When a judgment has heretofore been entered and docketed, or shall hereafter be entered and docketed, for the recovery of taxes, except in the case of real estate tax judgments provided for in section 279.19, the same shall bear interest until paid at the rate of six percent per annum until January 1, 1981, and at the rate determined under section 549.09 ~~thereafter~~

until January 1, 1991. Thereafter interest will be payable at the rate provided in section 279.03, subdivision 1a.

Sec. 10. Minnesota Statutes 1989 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, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, 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. *The penalty shall be at a rate of three percent on homestead property and seven percent on nonhomestead property, except that.* This penalty shall not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month, up to and including October 1 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November and December following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following.

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. 11. Minnesota Statutes 1988, section 279.03, is amended by adding a subdivision to read:

*Subd. 1a. [RATE AFTER DECEMBER 31, 1990.] Interest on delinquent property taxes, penalties, and costs unpaid on or after January 1, 1991, shall be payable at the per annum rate determined in section 270.75, subdivision 5. If the rate so determined is less than ten percent, the rate of interest shall be ten percent. The maximum per annum rate shall be 14 percent if the rate specified under section 270.75, subdivision 5, exceeds 14 percent. The rate shall be subject to change on January 1 of each year.*

Sec. 12. Minnesota Statutes 1988, section 279.03, subdivision 2, is amended to read:

*Subd. 2. [COMPOSITE JUDGMENT.] Amounts included in composite judgment, as judgments authorized by section 279.37, subdivision 1, and confessed on or after July 1, 1982, are subject to interest at the rate determined pursuant to section 549.09. Amounts confessed under this authority after December 31, 1990, are subject to interest at the rate calculated under subdivision 1a. During each calendar year, interest shall accrue on the unpaid balance of the composite judgment from the time it is confessed until it is paid. The rate of interest is subject to change each year in the same manner that section 549.09 provides or subdivision 1a, whichever is applicable, for rate changes on judgments. Interest on the unpaid contract balance on judgments confessed before July 1, 1982, is payable at the rate applicable to the judgment at the time that it was confessed.*

Sec. 13. Minnesota Statutes 1988, section 279.37, subdivision 1a, is amended to read:

*Subd. 1a. The delinquent taxes upon a parcel of property which was classified class 4c pursuant to section 273.13, subdivision 9, or for taxes assessed in 1986 and thereafter, classified class 3a, for the previous year's assessment and had a total market value of less than \$100,000 for that same assessment shall be eligible to be composed into a confession of judgment. Property qualifying under this subdivision shall be subject to the same provisions as provided in this section except as herein provided.*

(a) The down payment shall include all special assessments due in the current tax year, all delinquent special assessments, and 20 percent of the ad valorem tax, penalties, and interest accrued against the parcel. The balance remaining shall be payable in four equal annual installments; and

(b) The amounts entered in judgment shall bear interest at the rate provided in section ~~270.75, subdivision 5~~ 279.03, subdivision 1a, commencing with the date the judgment is entered. The interest rate is subject to change each year on the unpaid balance in the manner provided in section ~~270.75, subdivision 5, except that the interest change will be implemented on January 1 of each year~~ 279.03, subdivision 1a.

Sec. 14. Minnesota Statutes 1988, section 282.01, subdivision 4, is amended to read:

Subd. 4. [CONDUCT OF SALE.] The sale shall be conducted by the county auditor at the county seat of the county in which the parcels lie, provided that, in St. Louis and Koochiching counties, the sale may be conducted in any county facility within the county, and the parcels shall be sold for cash only and at not less than the appraised value, unless the county board of the county shall have adopted a resolution providing for their sale on terms, in which event the resolution shall control with respect thereto. When the sale is made on terms other than for cash only a payment of at least ten percent of the purchase price must be made at the time of purchase, thereupon the balance shall be paid in no more than ten equal annual installments. No standing timber or timber products shall be removed from these lands until an amount equal to the appraised value of all standing timber or timber products on the lands at the time of purchase has been paid by the purchaser; provided, that in case any parcel of land bearing standing timber or timber products is sold at public auction for more than the appraised value, the amount bid in excess of the appraised value shall be allocated between the land and the timber in proportion to the respective appraised values thereof, and no standing timber or timber products shall be removed from the land until the amount of the excess bid allocated to timber or timber products has been paid in addition to the appraised value thereof. The purchaser is entitled to immediate possession, subject to the provisions of any existing valid lease made in behalf of the state.

For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price is subject to interest at the rate determined pursuant to section 549.09. *The unpaid balance of the purchase price for sales occurring after December 31, 1990, is subject to interest at the rate determined in section 279.03, subdivision 1a.* The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 ~~for rate changes on judgments~~ or section 279.03, subdivision 1a, whichever is applicable. Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the time that the sale occurred.

Sec. 15. Minnesota Statutes 1988, section 282.09, subdivision 1, is amended to read:

Subdivision 1. [MONEYS PLACED IN FUND.] The county auditor and county treasurer shall place all moneys received through the operation of sections 282.01 to 282.13 in a fund to be known as the forfeited tax sale fund and all disbursements and costs shall be charged against that fund, when allowed by the county board. Members of the county board may be paid a per diem pursuant to section 375.055, subdivision 1, and reimbursed for their necessary expenses, and may receive mileage as ~~now or hereafter~~ fixed by law. Compensation of a land commissioner and assistants, if a land commissioner is appointed, shall be in ~~such the amount as shall be~~ determined by the county board. The county auditor shall receive 50 cents for each certificate of sale, each contract for deed and each lease executed by the auditor, and, in counties where no land commissioner is appointed ~~such~~, additional annual compensation, not exceeding \$300, as ~~shall be~~ fixed by the county board. Compensation of any other clerical help that may be needed by the county auditor or land commissioner shall be in ~~such the amount as shall be~~ determined by the county board. All compensation provided for herein shall be in addition to other compensation allowed by law. Fees so charged in addition to the fee imposed in section 282.014



shall be included in the annual settlement by the county auditor as herein-after provided. On or before February 1 ~~in~~ each year, the commissioner of revenue shall certify to the commissioner of finance, by counties, the total number of state deeds issued and reissued during the preceding calendar year for which such fees are charged and the total amount thereof. When disbursements are made from the fund for repairs, refundments, expenses of actions to quiet title, or any other purpose which particularly affects specific parcels of forfeited lands, the amount of such disbursements shall be charged to the account of the taxing districts interested in such parcels. The county auditor shall make an annual settlement of the net proceeds received from sales and rentals by the operation of sections 282.01 to 282.13, ~~at on the regular March~~ settlement day determined in section 276.09, for the preceding calendar year.

Sec. 16. Minnesota Statutes 1988, section 282.261, subdivision 2, is amended to read:

Subd. 2. [INTEREST RATE.] The unpaid balance on any repurchase contract approved by the county board on or after July 1, 1982, is subject to interest at the rate determined pursuant to section 549.09. *Repurchase contracts approved after December 31, 1990, are subject to interest at the rate determined in section 279.03, subdivision 1a.* The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 ~~for rate changes on judgments or section 279.03, subdivision 1a, whichever is applicable.~~ Interest on the unpaid contract balance on repurchases approved before July 1, 1982, is payable at the rate applicable to the repurchase contract at the time that it was approved.

Sec. 17. [1990 TAX PAYMENTS.]

*The amendment of Minnesota Statutes Second 1989 Supplement, section 277.01, subdivision 1, in section 5 does not require sending of revised tax statements for taxes payable in 1990 by the county auditor, but payments of taxes by the dates provided in that section shall be accepted as timely paid.*

Sec. 18. [EFFECTIVE DATE.]

*Sections 1 to 8, 10, and 14 are effective for taxes levied in 1989, payable in 1990, and thereafter.*

*Sections 9, 11 to 13, 15, and 16 are effective January 1, 1991.*

*Section 17 is effective the day following final enactment.*

## ARTICLE 9

### PROPERTY TAX SYSTEM CONVERSIONS

Section 1. Minnesota Statutes 1989 Supplement, section 38.18, is amended to read:

38.18 [COUNTY FAIRGROUNDS, IMPROVEMENT AIDED.]

Any town, statutory city, or school district in this state, now or hereafter having a ~~net tax capacity~~ market value of all its taxable property, exclusive of money and credits, of more than ~~\$25,000,000~~ \$105,000,000, and having a county fair located within its corporate limits, is hereby authorized to aid in defraying part of the expense of improving any such fairground, by appropriating and paying over to the treasurer of the county owning the

fairground such sum of money, not exceeding \$10,000, for each of the political subdivisions, as the governing body of the town, statutory city, or school district may, by resolution, determine to be for the best interest of the political subdivision, the sums so appropriated to be used solely for the purpose of aiding in the improvement of the fairground in such manner as the county board of the county shall determine to be for the best interest of the county.

Sec. 2. Minnesota Statutes 1989 Supplement, section 50.14, subdivision 4, is amended to read:

Subd. 4. Class three shall be:

(a) The bonds, certificates of indebtedness, or other interest bearing obligations, payable out of a levy of ad valorem taxes, of any county, city, town, or any school district, drainage district, or other district, or of any board of any municipality, or of any public authority, created pursuant to law for public purposes in Minnesota, without regard to any debt limits other than those in section 475.53;

(b) The bonds, certificates of indebtedness or other interest bearing obligations, payable out of a levy of ad valorem taxes, of any county, city, town, or school, drainage or other district, or public authority, created pursuant to law for public purposes in any state of the United States other than Minnesota, provided that the total bonded indebtedness of the county, municipality, district or authority, after deducting the amount of all sinking funds and of all revenue bonds or certificates (including among revenue bonds and certificates those which pledge the full faith and credit of the issuer, if the net revenues applicable to the payment of the bonds or certificates during the three fiscal years immediately preceding the date of purchase exceeded by at least five percent the amount required to pay principal and interest on those bonds or certificates during that period), shall not exceed ten percent of its ~~net tax capacity~~ assessed value; and provided further that if the county, municipality, district or authority is of any state other than Iowa, Wisconsin, North Dakota, or South Dakota, it contains at least 3,500 inhabitants;

(c) The bonds, certificates or other interest bearing obligations, payable out of special revenues, of any county, city, town, or school, drainage, or other district, or public authority, created pursuant to law for public purposes in any state of the United States, provided that:

(aa) If the county, municipality, district or authority is of any state other than Minnesota, it contains at least 3,500 inhabitants;

(bb) The obligations were issued to finance the purpose of construction of or addition to a public enterprise furnishing water, sewer, lighting, power, gas, or road facilities, from which revenue is to be derived;

(cc) The governing body or other legally constituted authority has covenanted or is required by law to establish and maintain rates to yield sufficient revenue for the payment of operating expenses, maintenance expenses, and principal and interest on the revenue obligations and to pledge that revenue irrevocably for those purposes;

(dd) At the date of investment the public enterprise has been in operation for at least three years; and

(ee) During the preceding three fiscal years its annual net earnings, after payment of operating expenses and maintenance expenses, have been on

the average at least 1-1/4 times the average annual interest, principal and sinking fund requirements on the revenue obligations during the period from the end of its most recent fiscal year to the final maturity of the obligations; and

(d) The bonds or other interest bearing obligations, payable from revenues other than ad valorem taxes as contemplated in clause (a), validly issued by any state or insular possession of the United States, or by any agency, instrumentality, municipality, or governmental or public subdivision, district, corporation, commission, board, council, or authority of whatsoever kind, created for public purposes by or pursuant to the laws of any state, provided that the bonds or other interest bearing obligations are at the time of purchase rated among the highest three quality categories, not applicable to bonds or other interest bearing obligations in default as to principal, used by a nationally recognized rating agency for rating the quality of similar bonds or other interest bearing obligations, and are not rated lower by any other such agency.

Sec. 3. Minnesota Statutes 1989 Supplement, section 110.70, is amended to read:

#### 110.70 [APPLICATION.]

Nothing in sections 110.55 to 110.69 shall amend, alter, supersede, or otherwise change the provisions set forth in section 110.13. The provisions of sections 110.55 to 110.69 shall in no manner apply to public waters of an area of more than 10,000 acres, situated wholly or partially within counties now or hereafter having a population of more than 450,000 and a ~~net tax capacity~~ *market value* of more than ~~\$450,000,000~~ *\$1,860,000,000*, including money and credits, and in which is situated a city of the first class within a distance of 20 miles from the body of public water; and, as to such public waters, nothing contained in sections 110.55 to 110.69 shall be construed to authorize the diversion of any water from any stream, river, or lake located in any county adjoining or abutting in part upon the county wherein a major portion of such public waters is located.

Sec. 4. Minnesota Statutes 1989 Supplement, section 118.12, is amended to read:

#### 118.12 [INVESTMENT OF TOWN FUNDS.]

When the town board of any town in this state, by a unanimous resolution, deem it advisable, such town board may invest such amount of funds in such town treasury as will not, in the opinion of such board, be needed by such town during the fiscal year, in any of the bonds of any county, city, town, school district, drainage or other district created pursuant to law for public purposes in Minnesota, Iowa, Wisconsin, and North and South Dakota, or in bonds of the United States of America, or in the bonds of any city, county, town, school district, drainage or other district created pursuant to law for public purposes in the United States, containing at least 3,500 inhabitants, provided that the total bonded indebtedness of any such municipality or district shall not exceed ten percent of its ~~net tax capacity~~ *assessed value, if not located in Minnesota, or 2.5 percent of its taxable market value, if located in Minnesota.*

Sec. 5. Minnesota Statutes 1989 Supplement, section 163.04, subdivision 3, is amended to read:

Subd. 3. [EXPENDITURES ON BRIDGES WITHIN CERTAIN CITIES.] When the council of any statutory city or city of the third or fourth class may determine that it is necessary to build or improve any bridge or bridges, including approaches thereto, and any dam or retaining works connected therewith, upon or forming a part of streets or highways either wholly or partly within its limits, the county board shall appropriate one-half of the money as may be necessary therefor from the county road and bridge fund, not exceeding during any year one-half the amount of taxes paid into the county road and bridge fund during the preceding year, on property within the corporate limits of the city. The appropriation shall be made upon the petition of the council, which petition shall be filed by the council with the county board prior to the fixing by the board of the annual county tax levy. The county board shall determine the plans and specifications, shall let all necessary contracts, shall have charge of construction, and upon its request, warrants in payment thereof shall be issued by the county auditor, from time to time, as the construction work proceeds. Any unpaid balance may be paid or advanced by the city. On petition of the council, the appropriations of the county board, during not to exceed three successive years, may be made to apply on the construction of the same items and to repay any money advanced by the city in the construction thereof. None of the provisions of this section shall be construed to be mandatory as applied to any city whose ~~net tax capacity~~ *market value* exceeds ~~\$500~~ \$2,100 per capita of its population.

Sec. 6. Minnesota Statutes 1989 Supplement, section 163.06, subdivision 6, is amended to read:

Subd. 6. [EXPENDITURE IN CERTAIN COUNTIES.] In any county having not less than 95 nor more than 105 full and fractional townships, and having a ~~net tax capacity~~ *market value* of not less than ~~\$3,000,000~~ \$12,000,000 nor more than ~~\$5,000,000~~ \$21,000,000, exclusive of money and credits, the county board, by resolution, may expend the funds provided in subdivision 4 in any organized or unorganized township or portion thereof in such county.

Sec. 7. Minnesota Statutes 1989 Supplement, section 165.10, subdivision 1, is amended to read:

Subdivision 1. [CERTAIN COUNTIES MAY ISSUE AND SELL.] The county board of any county having no outstanding road and bridge bonds may issue and sell county road bonds in an amount not exceeding ~~one-half~~ ~~of one~~ 0.12089 percent of the ~~net tax capacity~~ *market value* of the taxable property within the county exclusive of money and credits, for the purpose of constructing, reconstructing, improving, or maintaining any bridge or bridges on any highway under its jurisdiction, without submitting the matter to a vote of the electors of the county.

Sec. 8. Minnesota Statutes 1989 Supplement, section 365.025, subdivision 4, is amended to read:

Subd. 4. [~~BIG BUYS MAJOR PURCHASES: NOTICE, PETITION, ELECTION.~~] Before buying anything under subdivision 2 that costs more than ~~one~~ 0.24177 percent of the ~~net tax capacity~~ *market value* of the town, the town must follow this subdivision.

The town must publish in its official newspaper the board's resolution to pay for the property over time. Then a petition for an election on the contract may be filed with the clerk. The petition must be filed within ten

days after the resolution is published. To require the election the petition must be signed by a number of voters equal to ten percent of the voters at the last regular town election. The contract then must be approved by a majority of those voting on the question. The question may be voted on at a regular or special election.

Sec. 9. Minnesota Statutes 1989 Supplement, section 368.01, subdivision 23, is amended to read:

Subd. 23. [FINANCING PURCHASE OF CERTAIN EQUIPMENT.] The town board of supervisors may issue certificates of indebtedness within existing debt limits for the purpose of purchasing fire or police equipment or ambulance equipment or street construction or maintenance equipment. Such certificates shall be payable in not more than five years and shall be issued on such terms and in such manner as the board may determine. If the amount of the certificates to be issued to finance any such purchase exceeds ~~one 0.24177~~ percent of the ~~net tax capacity market value~~ of the town, excluding money and credits, they shall not be issued for at least ten days after publication in the official newspaper of a town board resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, such certificates shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on such certificates as in the case of bonds.

Sec. 10. Minnesota Statutes 1989 Supplement, section 368.44, is amended to read:

368.44 [DISSOLUTION OF CERTAIN TOWNS; GROUNDS.]

When the voters residing within a duly organized town in any county in this state having more than 85 congressional townships of land and having a ~~net tax capacity market value of not less than \$5,000,000~~ ~~\$21,000,000~~ nor more than ~~\$12,000,000~~ ~~\$50,000,000~~ have failed to elect any town officials for more than three years continuously, or the town has failed and omitted to exercise any of the powers and functions of a town, as provided by law, which facts, or any of them, may be found and determined by the resolution of the county board of the county in which the town is located, according to the official records in the office of the auditor of the county, the county board by resolution duly adopted may declare any such town, naming it, duly dissolved and no longer entitled to exercise any of the powers or functions of a town.

Sec. 11. Minnesota Statutes 1989 Supplement, section 368.47, is amended to read:

368.47 [TOWNS MAY BE DISSOLVED.]

When the voters residing within a town in this state have failed to elect any town officials for more than ten years continuously, or the town has failed and omitted for a period of ten years to exercise any of the powers and functions of a town, as provided by law, or when the ~~net tax capacity market value~~ of any town drops to less than ~~\$40,000~~ ~~\$165,000~~, or when the tax delinquency of any such town, exclusive of taxes that are delinquent or unpaid by reason of taxes being contested in proceedings for the enforcement of taxes, amounts to ~~50~~ ~~12~~ percent of its ~~net tax capacity market~~

*value*, or where the state or federal government has acquired title to 50 percent of the real estate of such town, which facts, or any of them, may be found and determined by the resolution of the county board of the county in which the town is located, according to the official records in the office of the county auditor, the county board by resolution may declare any such town, naming it, duly dissolved and no longer entitled to exercise any of the powers or functions of a town. In counties having a population according to the 1930 federal census of not more than 16,000 nor less than 15,000 and having not more than 77 nor less than 75 full or fractional congressional townships, and in counties having a population according to the 1930 federal census of not more than 28,000 nor less than 27,000 and having not more than 91 nor less than 90 full or fractional congressional townships, and in counties having a population according to the 1930 federal census of not more than 210,000 nor less than 200,000 and having not more than 202 nor less than 200 full or fractional congressional townships, before any such dissolution shall become effective the voters of the town shall express their approval or disapproval of such dissolution. The clerk of the town shall, upon a petition signed by a majority of the registered voters of the town, filed with the clerk at least 60 days before any regular or special town election thereof, give notice at the same time and in the same manner of such election that the question of dissolution of such town will be submitted for determination at such election. At such election when so petitioned for the question shall be voted upon by a separate ballot, the terms of which shall be either "for dissolution" or "against dissolution," which ballot shall be deposited in a separate ballot box to be provided and the result of such voting shall be duly canvassed, certified, and returned in the same manner and at the same time as other facts and returns of the election. If a majority of the votes cast at the election shall be for dissolution, such town shall be dissolved; and, if a majority of the votes cast at the election shall be against dissolution, the town shall not be dissolved.

When a town is dissolved under the provisions of sections 368.47 to 368.49 the county shall acquire title to any telephone company or any other business being conducted by such town and such business shall be operated by the board of county commissioners until such time as a sale thereof can be made; provided that the subscribers or patrons of such businesses shall have the first opportunity of purchase. If such dissolved town has any outstanding indebtedness chargeable to such business, the auditor of the county wherein such dissolved town is located shall levy a tax against the property situated in the dissolved town for the purpose of paying the indebtedness as it becomes due.

Sec. 12. Minnesota Statutes 1989 Supplement, section 370.01, is amended to read:

**370.01 [CHANGE OF BOUNDARIES; CREATION OF NEW COUNTIES.]**

The boundaries of counties may be changed by taking territory from a county and attaching it to an adjoining county, and new counties may be established out of territory of one or more existing counties. A new county shall contain at least 400 square miles, have at least 2,000 inhabitants, and have a ~~net tax capacity~~ *market value* of at least ~~\$4,000,000~~ *\$17,000,000*. An existing county shall not be reduced in area below 400 square miles, have less than 2,000 inhabitants, or have a ~~net tax capacity~~ *market value* of less than ~~\$4,000,000~~ *\$17,000,000*.

In existing counties having an area of more than 3,500 and less than 6,000 square miles, boundaries may be changed and new counties established having a ~~net tax capacity~~ *market value* of at least ~~\$2,500,000~~ *\$10,000,000*.

No change in the boundaries of any county having an area of more than 2,500 square miles, whether by the creation of a new county, or otherwise, shall detach from the existing county any territory within 12 miles of the county seat.

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 373.40, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, and roads and bridges. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Commissioner" means the commissioner of trade and economic development.

(d) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(e) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the metropolitan council or by the state demographer under section 116K.04, subdivision 4, clause (10).

(f) "Tax capacity" means total taxable ~~tax capacity~~ *market value*, but does not include captured ~~tax capacity~~ *market value*.

Sec. 14. Minnesota Statutes 1989 Supplement, section 385.31, is amended to read:

### 385.31 [PAYMENT OF COUNTY ORDERS OR WARRANTS.]

When any order or warrant drawn on the treasurer is presented for payment, if there is money in the treasury for that purpose, the county treasurer shall redeem the same, and write across the entire face thereof the word "redeemed," the date of the redemption, and the treasurer's official signature. If there is not sufficient funds in the proper accounts to pay such

orders they shall be numbered and registered in their order of presentation, and proper endorsement thereof shall be made on such orders and they shall be entitled to payment in like order. Such orders shall bear interest at not to exceed the rate of six percent per annum from such date of presentment. The treasurer, as soon as there is sufficient money in the treasury, shall appropriate and set apart a sum sufficient for the payment of the orders so presented and registered, and, if entitled to interest, issue to the original holder a notice that interest will cease in 30 days from the date of such notice; and, if orders thus entitled to priority of payment are not then presented, the next in order of registry may be paid until such orders are presented. No interest shall be paid on any order, except upon a warrant drawn by the county auditor for that purpose, giving the number and the date of the order on account of which the interest warrant is drawn. In any county in this state now or hereafter having a ~~net tax capacity~~ *market value* of all taxable property, exclusive of money and credits, of not less than ~~\$250,000,000~~ *\$1,033,000,000*, the county treasurer, in order to save payment of interest on county warrants drawn upon a fund in which there shall be temporarily insufficient money in the treasury to redeem the same, may borrow temporarily from any other fund in the county treasury in which there is a sufficient balance to care for the needs of such fund and allow a temporary loan or transfer to any other fund, and may pay such warrants out of such funds. Any such money so transferred and used in redeeming such county warrants shall be returned to the fund from which drawn as soon as money shall come in to the credit of such fund on which any such warrant was drawn and paid as aforesaid. Any county operating on a cash basis may use a combined form of warrant or order and check, which, when signed by the chair of the county board and by the auditor, is an order or warrant for the payment of the claim, and, when countersigned by the county treasurer, is a check for the payment of the amount thereof.

Sec. 15. Minnesota Statutes 1989 Supplement, section 386.34, is amended to read:

386.34 [DEPUTIES, SALARIES.]

The county board of each county having a population of less than 75,000, may by written order to be filed in the office of the county auditor allow one deputy county recorder in such county compensation for services as such deputy, to be fixed by the board and specified in said order. In each county containing less than 15 full and fractional congressional townships, and having more than 16,000 and less than 19,000 inhabitants according to the 1940 federal census, and having a ~~net tax capacity~~ *market value* of less than ~~\$7,000,000~~ *\$29,000,000*, exclusive of moneys and credits, the county board may by written order to be filed in the office of the county auditor allow one deputy county recorder in such county compensation for services as such deputy not exceeding \$1,800 per year.

Sec. 16. Minnesota Statutes 1989 Supplement, section 412.081, subdivision 1, is amended to read:

Subdivision 1. [ELECTION, ASSESSMENT DISTRICTS.] Any statutory city hereafter organized shall be constituted an election and assessment district separate from the town in which it lies immediately upon incorporation, except that if the incorporation occurs between March 15 and July 1 the town assessor shall assess the property in the city that year and the city assessor shall not assume duties until the following year. Where the town assessor makes the assessment, the city shall pay such proportion



of the cost of the assessment as its net tax capacity bears to the ~~assessed valuation~~ *net tax capacity* of the town, including the city.

Sec. 17. Minnesota Statutes 1989 Supplement, section 412.221, subdivision 2, is amended to read:

Subd. 2. [CONTRACTS.] The council shall have power to make such contracts as may be deemed necessary or desirable to make effective any power possessed by the council. The city may purchase personal property through a conditional sales contract and real property through a contract for deed under which contracts the seller is confined to the remedy of recovery of the property in case of nonpayment of all or part of the purchase price, which shall be payable over a period of not to exceed five years. When the contract price of property to be purchased by contract for deed or conditional sales contract exceeds ~~one~~ *0.24177* percent of the ~~net tax capacity~~ *market value* of the city, the city may not enter into such a contract for at least ten days after publication in the official newspaper of a council resolution determining to purchase property by such a contract; and, if before the end of that time a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular city election is filed with the clerk, the city may not enter into such a contract until the proposition has been approved by a majority of the votes cast on the question at a regular or special election.

Sec. 18. Minnesota Statutes 1989 Supplement, section 430.102, subdivision 2, is amended to read:

Subd. 2. [COUNCIL APPROVAL; SPECIAL TAX LEVY LIMITATION.] The council shall receive and consider the estimate required in subdivision 1 and the items of cost after notice and hearing before it or its appropriate committee as it considers necessary or expedient, and shall approve the estimate, with necessary amendments. The amounts of each item of cost estimated are then appropriated to operate, maintain, and improve the pedestrian mall during the next fiscal year. The amount of the special tax to be charged under subdivision 1, clause (3), must not, however, exceed ~~50 cents per \$100~~ *0.12089* percent of ~~net tax capacity~~ *market value* of taxable property in the district. The council shall make any necessary adjustment in costs of operating and maintaining the district to keep the amount of the tax within this limitation.

Sec. 19. Minnesota Statutes 1989 Supplement, section 465.04, is amended to read:

#### 465.04 [ACCEPTANCE OF GIFTS.]

Cities of the second, third, or fourth class, having at any time a ~~net tax capacity~~ *market value* of not more than ~~\$10,000,000~~ *\$41,000,000*, exclusive of money and credits, as officially equalized by the commissioner of revenue, either under home rule charter or under the laws of this state, in addition to all other powers possessed by them, hereby are authorized and empowered to receive and accept gifts and donations for the use and benefit of such cities and the inhabitants thereof upon terms and conditions to be approved by the governing bodies of such cities; and such cities are authorized to comply with and perform such terms and conditions, which may include payment to the donor or donors of interest on the value of the gift at not exceeding five percent per annum payable annually or semiannually, during the remainder of the natural life or lives of such donor or donors.

Sec. 20. Minnesota Statutes 1989 Supplement, section 471.24, is amended

to read:

**471.24 [STATUTORY CITIES AND TOWNS MAY JOIN IN MAINTAINING CEMETERIES.]**

Where a statutory city or town owns and maintains an established cemetery or burial ground, either within or without the municipal limits, the statutory city or town may, by mutual agreement with contiguous statutory cities and towns, each having a ~~net tax capacity~~ *market value* of not less than ~~\$500,000~~ *\$2,000,000*, join together in the maintenance of such public cemetery or burial ground for the use of the inhabitants of each of such municipalities; and each such municipality is hereby authorized, by action of its council or governing body, to levy a tax or make an appropriation for the support and maintenance of such cemetery or burial ground; provided, the amount thus levied or appropriated by each municipality shall not exceed a total of \$10,000 in any one year.

Sec. 21. Minnesota Statutes 1989 Supplement, section 471.73, is amended to read:

**471.73 [ACCEPTANCE OF PROVISIONS.]**

In the case of any city within the class specified in 471.72 having a ~~net tax capacity~~ *market value*, as defined in section 471.72, in excess of ~~\$9,000,000~~ *\$37,000,000*; and in the case of any statutory city within such class having a ~~net tax capacity~~ *market value*, as defined in section 471.72, of less than ~~\$1,100,000~~ *\$5,000,000*; and in the case of any statutory city within such class which is governed by Laws 1933, chapter 211, or Laws 1937, chapter 356; and in the case of any statutory city within such class which is governed by Laws 1929, chapter 208, and has a ~~net tax capacity~~ *market value* of less than ~~\$20,000,000~~ *\$83,000,000*; and in the case of any school district within such class having a ~~net tax capacity~~ *market value*, as defined in section 471.72, of more than ~~\$13,000,000~~ *\$54,000,000*; and in the case of all towns within said class; sections 471.71 to 471.83 apply only if the governing body of the city or statutory city, the board of the school district, or the town board of the town shall have adopted a resolution determining to issue bonds under the provisions of sections 471.71 to 471.83 or to go upon a cash basis in accordance with the provisions thereof.

Sec. 22. Minnesota Statutes 1989 Supplement, section 475.58, subdivision 2, is amended to read:

Subd. 2. [FUNDING, REFUNDING.] Any city, town or school district whose outstanding gross debt, including all items referred to in section 475.51, subdivision 4, exceed in amount ~~6-2/3~~ *1.62* percent of its ~~net tax capacity~~ *market value* may issue bonds under this subdivision for the purpose of funding or refunding such indebtedness or any part thereof. A list of the items of indebtedness to be funded or refunded shall be made by the recording officer and treasurer and filed in the office of the recording officer. The initial resolution of the governing body shall refer to this subdivision as authority for the issue, state the amount of bonds to be issued and refer to the list of indebtedness to be funded or refunded. This resolution shall be published once each week for two successive weeks in a legal newspaper published in the municipality or if there be no such newspaper, in a legal newspaper published in the county seat. Such bonds may be issued without the submission of the question of their issue to the electors unless within ten days after the second publication of the resolution a petition requesting such election signed by ten or more voters who are

taxpayers of the municipality, shall be filed with the recording officer. In event such petition is filed, no bonds shall be issued hereunder unless authorized by a majority of the electors voting on the question.

Sec. 23. Minnesota Statutes 1989 Supplement, section 475.73, subdivision 1, is amended to read:

Subdivision 1. Obligations sold under the provisions of section 475.60 may be purchased by the state board of investment if the obligations meet the requirements of section 11A.24, subdivision 2, upon the approval of the attorney general as to form and execution of the application therefor, and under rules as the board may specify, and the state board shall have authority to purchase the same to an amount not exceeding ~~45~~ <sup>3.63</sup> percent of the ~~net tax capacity~~ *market value* of the taxable property of the municipality, according to the last preceding assessment. The obligations shall not run for a shorter period than one year, nor for a longer period than 30 years and shall bear interest at a rate to be fixed by the state board but not less than two percent per annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by virtue thereof, the commissioner of finance shall certify to the respective auditors of the various counties wherein are situated the municipalities issuing the same, the number, denomination, amount, rate of interest and date of maturity of each obligation.

Sec. 24. Minnesota Statutes 1989 Supplement, section 505.173, subdivision 1, is amended to read:

Subdivision 1. [CERTAIN DEFECTS.] In all cases where the plats, or what purports to be plats, of any portion of the lands contained within any additions to or subdivisions of any town or city, situated in any county having less than 15 full and fractional congressional townships, having less than 15,000 inhabitants according to the 1940 federal census, and having an ~~net tax capacity~~ *assessed value* of more than \$7,500,000 and less than \$8,500,000, exclusive of money and credits which have been executed and filed in an office of any county recorder previous to January 1, 1915, (1) fail to identify or correctly describe the land to be so platted or to show correctly upon their face the tract of land intended or purported to be platted thereby, or (2) are defective by reason of the plat and the description of the land purported to be so platted thereby being inconsistent or incorrect, or (3) there exists a defect in the execution of said plats on the part of the grantors thereof, the governing board or council of the municipality containing land so platted or purported to be so platted may authorize, within two years from April 21, 1951, referring by the record book and page of such plat or plats in the office of the county recorder to the plat or plats to be corrected, the making of one or more plats which shall correctly show on the face thereof and by description of the land intended to be platted, which plat or plats may vary from the original plats in description as to lots and blocks to suit the best purpose and secure the best results. Such plat or plats, in a declaration thereon, shall recite such resolution and shall identify each separate tract of land described therein with such tract of land in the purported plat or plats intended to be corrected thereby, and shall be certified by the proper officers of the municipality as to authorization and by an engineer or surveyor as to correctness, and the signatures of such persons shall be acknowledged in like manner as a deed.

Sec. 25. [EFFECTIVE DATE.]

*Section 22 is effective for bonds issued after the date of enactment of*

*this act. The remainder of this article is effective the day following final enactment of this act.*

## ARTICLE 10 MISCELLANEOUS

Section 1. Minnesota Statutes 1989 Supplement, section 270.73, subdivision 1, is amended to read:

Subdivision 1. [POSTING, NOTICE.] Pursuant to *the authority to disclose under section 270B.12, subdivision 4*, the commissioner shall, by the 15th of each month, submit to the commissioner of public safety a list of all taxpayers who are required to withhold or collect the tax imposed by section 290.92 or 297A.02 or a local option tax administered and collected by the commissioner of revenue and who are 30 days or more delinquent in either filing a tax return or paying the tax.

*The commissioner of revenue is under no obligation to list a taxpayer whose business is inactive.* At least ten days before notifying the commissioner of public safety, the commissioner of revenue shall notify the taxpayer of the intended action.

The commissioner of public safety shall post the list in the same manner as provided in section 340A.318, subdivision 3. The list will prominently show the date of posting. If a taxpayer previously listed cures the delinquency by filing all returns and paying all taxes, the commissioner shall notify the commissioner of public safety within two business days that the delinquency was cured.

Sec. 2. Minnesota Statutes 1988, section 270A.03, subdivision 2, is amended to read:

Subd. 2. "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, *any statutory or home rule charter city presenting a claim for a municipal hospital, a hospital district*, any public agency responsible for child support enforcement, and any public agency responsible for the collection of court-ordered restitution.

Sec. 3. Minnesota Statutes 1988, section 270A.03, subdivision 5, is amended to read:

Subd. 5. "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds \$25 and which is due and payable to a claimant agency. The term includes criminal fines imposed under section 609.10 and restitution. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment.

A debt does not include ~~(1)~~ any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant, ~~or (2).~~

*A debt does not include any legal obligation to pay a claimant agency for medical care, including hospitalization if the income of the debtor would have qualified for a low income credit equal to tax liability pursuant to Minnesota Statutes 1984, section 290.06, subdivision 3d, clause (1), at the time when the medical care was rendered, provided that, for purposes of this subdivision, does not exceed the following amount:*

*(1) for an unmarried debtor, an income of \$6,400 or less;*

- (2) for a debtor with one dependent, an income of \$8,200 or less;
- (3) for a debtor with two dependents, an income of \$9,700 or less;
- (4) for a debtor with three dependents, an income of \$11,000 or less;
- (5) for a debtor with four dependents, an income of \$11,600 or less;
- and
- (6) for a debtor with five or more dependents, an income of \$12,100 or less.

The income amounts in ~~that section~~ *this subdivision* shall be adjusted for inflation for debts incurred in calendar years ~~1987~~ 1991 and thereafter. The dollar amount of each income level that applied to debts incurred in the prior year shall be increased in the same manner as provided in section 290.06, subdivision 2d, for the expansion of the tax rate brackets.

Sec. 4. Minnesota Statutes 1988, section 270A.03, subdivision 7, is amended to read:

Subd. 7. "Refund" means an individual income tax refund, pursuant to chapter 290, or a property tax credit or refund, pursuant to chapter 290A.

*For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, shall be treated as refunds.*

Sec. 5. Minnesota Statutes 1988, section 270A.04, subdivision 2, is amended to read:

Subd. 2. Any debt owed to a claimant agency shall be submitted by the agency for collection under the procedure established by sections 270A.01 to 270A.12 unless (a) an alternative means of collection is pending and ~~believed to be adequate~~ *the debtor is complying with the terms of alternative means of collection*, (b) the collection attempt would result in a loss of federal funds, or (c) the agency is unable to supply the department with the necessary identifying information required by subdivision 3 or rules promulgated by the commissioner, or (d) the debt is barred by section 541.05.

Sec. 6. Minnesota Statutes 1988, section 270A.08, subdivision 2, is amended to read:

Subd. 2. (a) This written notice shall clearly and with specificity set forth the basis for the claim to the refund including the name of the benefit program involved if the debt arises from a public assistance grant and the dates on which the debt was incurred and, further, shall advise the debtor of the claimant agency's intention to request setoff of the refund against the debt.

(b) The notice will also advise the debtor *that any debt incurred more than six years from the date of the notice to the commissioner under section 270A.07 must not be setoff against a refund and will advise the debtor of the right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the claimant agency, which request the agency must receive within 45 days of the mailing date of the original notice or of the corrected notice, as required by subdivision 1. If the debtor has not received the notice, the 45 days shall not commence until the debtor has received actual notice. The debtor shall have the burden of showing no notice and shall be entitled to a hearing on the issue of notice as well as on the merits.*

Sec. 7. Minnesota Statutes 1989 Supplement, section 270B.07, is amended by adding a subdivision to read:

*Subd. 5. [INQUIRIES RELATED TO APPLICATIONS FOR LIQUOR LICENSES.] The commissioner may disclose and certify to a requesting county or municipality whether or not an applicant for a license to be issued under section 340A.403 or sections 340A.404 to 340A.406 is liable for state or local taxes or assessments that were not paid when they became due. The commissioner shall not disclose or certify that the license applicant is liable for unpaid state or local taxes or assessments if an administrative or court action which questions the amount or validity of the unpaid taxes or assessments has been commenced, or if the appeal period to contest the taxes or assessments has not yet expired.*

Sec. 8. Minnesota Statutes Second 1989 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. The rate of the tax is two percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A ~~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 customer, to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

- (1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;
- (2) sales to distributors licensed under this chapter;
- (3) sales to distributors licensed under the laws of another state or of a Province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and
- (4) sales of promotional tickets as defined in section 349.12.

(c) Pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.214, subdivision 2, paragraph (b), are exempt from the tax imposed by this subdivision. A distributor must require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to such an organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

Sec. 9. Minnesota Statutes 1988, section 349.212, is amended by adding a subdivision to read:

*Subd. 7. [UNTAXED PULL-TABS AND TIPBOARDS.] In addition to penalties or criminal sanctions imposed by this chapter, any person, organization, or business entity possessing a pull-tab or tipboard upon which the tax imposed by subdivision 4 has not been paid is liable for a tax of six percent of the ideal gross of each pull-tab or tipboard. The tax on a partial deal shall be assessed as if it were a full deal.*

*The tax shall be assessed by the commissioner. An assessment shall be considered a jeopardy assessment or jeopardy collection as provided in section 270.70. The commissioner shall assess the tax based on personal knowledge or information available to the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known address, or serve in person, a written notice of the amount of tax, demand its immediate payment, and, if payment is not immediately made, collect the tax by any method described in chapter 270, except that the commissioner need not await the expiration of the times specified in chapter 270. The tax assessed by the commissioner is presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show its incorrectness or invalidity.*

Sec. 10. Minnesota Statutes 1989 Supplement, section 383.06, is amended to read:

**383.06 [PAYMENT OF WARRANTS; ACCOUNTS; HOW KEPT; CERTIFICATES OF INDEBTEDNESS TO RETIRE OUTSTANDING WARRANTS.]**

The county treasurer shall pay warrants only from the fund from which they are legally payable. Payments under any special contract shall be kept separate under the name of such contract, and under the general title of the fund from which such payment may be legally made. The treasurer need not keep a specific appropriations account separately, but shall keep a general appropriations account.

~~In any county having a net tax capacity of not less than \$150,000,000, exclusive of money and credits,~~ The county board may, by resolution, issue and sell as many certificates of indebtedness as may be needed in anticipation of the collection of taxes levied for any fund named in the tax levy for the purpose of raising money for such fund, but the certificates outstanding for any such separate funds shall not at any time exceed 50 percent of the amount of taxes previously levied for such fund remaining uncollected, and no certificate shall be issued to become due and payable later than December 31 of the year succeeding the year in which the tax levy was made, and the certificates shall not be sold for less than par and accrued interest ~~and shall not bear a greater rate of interest than six percent per annum.~~ No such certificates shall be issued prior to the beginning of the fiscal year for which the taxes so anticipated were intended, except that when taxes shall have been levied for the purpose of paying a deficit in any such fund carried over from any previous year or years certificates of indebtedness in anticipation of collection of the taxes levied for such deficit may be issued at any time after such levy shall have been finally made and certified to the county auditor. Each certificate shall state upon its face for which fund the proceeds thereof shall be used, the total amount of certificates so issued, and the whole amount embraced in the levy for that particular purpose. They shall be numbered consecutively, be in denominations of \$100 or a multiple thereof, may have interest coupons attached, shall be otherwise of such form and terms, and may be made payable at

such place, as will best aid in their negotiation, and the proceeds of the tax assessed and collected on account of the fund and the full faith and credit of the county shall be irrevocably pledged for the redemption and payment of the certificates so issued. Such certificates shall be payable primarily from the moneys derived from the levy for the years against which such certificates were issued, but shall constitute unlimited general obligations of the county. Moneys derived from the sale of such certificates shall be credited to the fund or funds the taxes for which are so anticipated.

Sec. 11. Minnesota Statutes 1988, section 524.3-301, is amended to read:

**524.3-301 [INFORMAL PROBATE OR APPOINTMENT PROCEEDINGS; APPLICATION; CONTENTS.]**

An informal probate proceeding is an informal proceeding for the probate of decedent's will with or without an application for informal appointment. An informal appointment proceeding is an informal proceeding for appointment of a personal representative in testate or intestate estates. These proceedings may be combined in a single proceeding. Applications for informal probate or informal appointment shall be directed to the registrar, and verified by the applicant, in accordance with section 524.1-310, to be accurate and complete to the best of applicant's knowledge and belief as to the following information:

(1) Every application for informal probate of a will or for informal appointment of a personal representative, other than a special or successor representative, shall contain the following:

(i) a statement of the interest of the applicant;

(ii) the name, *social security number*, birthdate, and date of death of the decedent, and the county and state of the decedent's domicile at the time of death, and the names and addresses of the spouse, children, heirs, and devisees and the ages of any who are minors so far as known or ascertainable with reasonable diligence by the applicant;

(iii) if the decedent was not domiciled in the state at the time of death, a statement showing venue;

(iv) a statement identifying and indicating the address of any personal representative of the decedent appointed in this state or elsewhere whose appointment has not been terminated;

(v) a statement indicating whether the applicant has received a demand for notice, or is aware of any demand for notice of any probate or appointment proceeding concerning the decedent that may have been filed in this state or elsewhere.

(2) An application for informal probate of a will shall state the following in addition to the statements required by (1):

(i) that the original of the decedent's last will is in the possession of the court, or accompanies the application, or that an authenticated copy of a will probated in another jurisdiction accompanies the application;

(ii) that the applicant, to the best of the applicant's knowledge, believes the will to have been validly executed;

(iii) that after the exercise of reasonable diligence, the applicant is unaware of any instrument revoking the will, and that the applicant believes



that the instrument which is the subject of the application is the decedent's last will;

(iv) that the time limit for informal probate as provided in this article has not expired either because three years or less have passed since the decedent's death, or, if more than three years from death have passed, that circumstances as described by section 524.3-108 authorizing tardy probate have occurred.

(3) An application for informal appointment of a personal representative to administer an estate under a will shall describe the will by date of execution and state the time and place of probate or the pending application or petition for probate. The application for appointment shall adopt the statements in the application or petition for probate and state the name, address and priority for appointment of the person whose appointment is sought.

(4) An application for informal appointment of an administrator in intestacy shall state in addition to the statements required by (1):

(i) that after the exercise of reasonable diligence, the applicant is unaware of any unrevoked testamentary instrument relating to property having a situs in this state under section 524.1-301, or, a statement why any such instrument of which the applicant may be aware is not being probated;

(ii) the priority of the person whose appointment is sought and the names of any other persons having a prior or equal right to the appointment under section 524.3-203.

(5) An application for appointment of a personal representative to succeed a personal representative appointed under a different testacy status shall refer to the order in the most recent testacy proceeding, state the name and address of the person whose appointment is sought and of the person whose appointment will be terminated if the application is granted, and describe the priority of the applicant.

(6) An application for appointment of a personal representative to succeed a personal representative who has tendered a resignation as provided in section 524.3-610(c), or whose appointment has been terminated by death or removal, shall adopt the statements in the application or petition which led to the appointment of the person being succeeded except as specifically changed or corrected, state the name and address of the person who seeks appointment as successor, and describe the priority of the applicant.

Sec. 12. [REPEALER.]

*Minnesota Statutes 1988, sections 290.612; and 297A.431, are repealed.*

Sec. 13. [EFFECTIVE DATE.]

*Sections 1 to 12 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to taxation; recodifying and providing for the administration of certain taxes; making corrections and changes in the administration, collection, and enforcement of taxes, aids, credits, and refunds; transferring certain powers and duties; granting certain powers to counties; imposing penalties; amending Minnesota Statutes 1988, sections 60A.198, by adding a subdivision; 69.771, subdivision 3; 69.772, subdivision 2a; 69.774, subdivision 1; 116K.04, subdivision 4; 270.65; 270.67,

subdivisions 1 and 2; 270.68, subdivisions 1 and 3; 270.69, subdivisions 2, 3, 7, 8, and by adding a subdivision; 270.70, subdivision 1; 270A.03, subdivisions 2, 5, and 7; 270A.04, subdivision 2; 270A.08, subdivision 2; 274.01, subdivision 1; 275.54; 276.111; 277.15; 279.03, subdivision 2, and by adding a subdivision; 279.37, subdivision 1a; 282.01, subdivision 4; 282.09, subdivision 1; 282.261, subdivision 2; 287.21, subdivision 2; 290.05, subdivision 4; 290.17, subdivision 5; 290.39, subdivision 5; 290.49, subdivision 3; 290.92, subdivisions 6a, 12, 23, and 24; 290.93, subdivision 1; 290A.03, subdivision 3; 290A.04, subdivision 1; 290A.07, subdivision 3; 290A.19; 296.06, subdivision 2; 296.18, subdivisions 2 and 3; 296.25; 297A.01, subdivision 8; 297A.03, subdivision 2; 297A.041; 297A.14, subdivision 1; 297A.18; 297A.211, subdivision 3; 297A.25, subdivision 31; 297A.255, by adding a subdivision; 297B.035, subdivision 1; 299F21, subdivision 1; 349.212, by adding a subdivision; 477A.011, by adding a subdivision; 524.3-1001; 524.3-301; Minnesota Statutes 1989 Supplement, sections 38.18; 50.14, subdivision 4; 69.021, subdivision 6; 110.70; 118.12; 163.04, subdivision 3; 163.06, subdivision 6; 165.10, subdivision 1; 168.013, subdivision 5; 168A.10, subdivision 1; 270.06; 270.73, subdivision 1; 270B.07, by adding a subdivision; 272.16; 273.01; 273.11, subdivision 1; 279.01, subdivision 1; 290.39, subdivision 4; 290.92, subdivision 4c; 290.9201, subdivisions 7 and 8; 290.9705, subdivision 4; 297A.17; 298.28, subdivision 4; 365.025, subdivision 4; 368.01, subdivision 23; 368.44; 368.47; 370.01; 383.06; 385.31; 386.34; 412.081, subdivision 1; 412.221, subdivision 2; 430.102, subdivision 2; 465.04; 469.177, subdivision 1a; 471.24; 471.73; 475.58, subdivision 2; 475.73, subdivision 1; 477A.011, subdivision 15; 505.173, subdivision 1; Minnesota Statutes Second 1989 Supplement, sections 10A.31, subdivision 5; 60A.15, subdivision 1; 273.124, subdivision 6; 273.13, subdivision 25; 273.1391, subdivision 2; 273.1398, subdivisions 1, 2, 5, 5a, and 6; 274.14; 274.175; 275.07, subdivision 3; 275.50, subdivision 5; 275.51, subdivisions 3f, 3h, and 6; 276.09; 276.10; 276.11, subdivision 1; 277.01, subdivision 1; 277.02; 277.05; 277.06; 287.29, subdivision 1; 290.17, subdivision 2; 290.92, subdivision 4b; 290A.04, subdivisions 2h and 2i; 297A.01, subdivision 3; 290A.07, subdivision 2a; 349.212, subdivision 4; 373.40, subdivision 1; 473F08, subdivision 8a; 477A.012, subdivision 3; 477A.013, subdivision 3; Laws 1989, chapter 28, section 24; and Laws 1989, First Special Session chapter 1, articles 3, section 35; and 9, section 86; proposing coding for new law in Minnesota Statutes, chapter 270; proposing coding for new law as Minnesota Statutes, chapter 289A; repealing Minnesota Statutes 1988, sections 270.08; 270.10, subdivision 4; 270.651; 272.70; 290.05, subdivision 5; 290.067, subdivision 5; 290.23, subdivision 15; 290.281, subdivision 5; 290.29; 290.37, as amended; 290.39, as amended; 290.391; 290.40; 290.41; 290.42; 290.43; 290.44; 290.45; 290.46; 290.47; 290.49; 290.50, as amended; 290.52; 290.521; 290.522; 290.523, as amended; 290.53, subdivisions 1, 1a, 2, 2a, 3, 3a, 4, 5, 7, 8, 9, 10, and 11; 290.54; 290.56; 290.57; 290.58; 290.59; 290.611, subdivision 5; 290.612; 290.65; 290.92, subdivisions 6, 7, 8, 11, 13, 14, 15, and 18; 290.923, subdivision 7; 290.93; 290.931; 290.932; 290.933; 290.934, as amended; 290.935; 290.936; 290.974; 290A.06; 290A.11, subdivisions 1, 2, 3, and 4; 290A.111; 290A.112, as amended; 290A.12; 291.09; 291.11; 291.131; 291.14; 291.15, subdivisions 1 and 3; 291.215, subdivisions 2 and 3; 291.31, subdivisions 1 and 2; 291.32; 296.027; 296.16, subdivision 3; 296.17, subdivision 13; 296.18, subdivisions 3a and 7; 296.24; 297A.08; 297A.121; 297A.15, subdivision 3; 297A.26, subdivisions 1 and 4; 297A.27; 297A.275; 297A.29; 297A.30; 297A.31; 297A.32; 297A.33, subdivisions 1, 3, 4, and 5; 297A.34;

297A.35; 297A.37; 297A.39, subdivisions 1, 2, 2a, 3, 4, 5, 7, and 8; 297A.40; 297A.41, 297A.42; 297A.431; 297A.44, subdivision 2; Minnesota Statutes 1989 Supplement, sections 290.9201, subdivisions 4, 5, 9, and 10; 290.9705, subdivision 2; 290A.11, subdivision 1a; and 297A.20; Minnesota Statutes Second 1989 Supplement, sections 270.77 and 290.38; Minnesota Rules, parts 8052.0100; 8052.0200; and 8130.7800."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Peter McLaughlin, Paul Anders Ogren, Phil Carruthers, Ann H. Rest, Sidney Pauly

Senate Conferees: (Signed) Lawrence J. Pogemiller, Douglas J. Johnson, Ember D. Reichgott, LeRoy A. Stumpf, William V. Belanger, Jr.

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2480 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. 2480 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 11, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	McQuaid	Piper
Anderson	Davis	Johnson, D.J.	Mehrkens	Pogemiller
Beckman	Decker	Knaak	Metzen	Ramstad
Belanger	DeCramer	Laidig	Moe, R.D.	Renneke
Berglin	Dicklich	Langseth	Morse	Schmitz
Bernhagen	Diessner	Lantry	Novak	Solon
Bertram	Flynn	Lessard	Pariseau	Storm
Brataas	Frederickson, D.J.	Luther	Pehler	Stumpf
Chmielewski	Frederickson, D.R.	Marty	Peterson, R.W.	Vickerman
Cohen	Hughes	McGowan	Piepho	

Those who voted in the negative were:

Benson	Frederick	Kroening	Merriam	Spear
Berg	Knutson	Larson	Olson	Waldorf
Brandl				

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. 1999: A bill for an act relating to agriculture; changing certain duties, procedures, and requirements related to organic food; amending Minnesota Statutes 1988, sections 31.92, by adding subdivisions; 31.94; and 31.95.

Senate File No. 1999 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

Mr. Pehler moved that the Senate do not concur in the amendments by the House to S.F. No. 1999, 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. 2365:

H.F. No. 2365: A bill for an act relating to the collection and dissemination of data; proposing classifications of data as private and nonpublic; clarifying access to data on decedents; changing classification nomenclature as it relates to medical examiner's data; amending Minnesota Statutes 1988, sections 13.03, subdivision 3; 13.10, subdivision 3; 13.41, subdivision 2; 13.46, subdivision 4; 13.83, subdivisions 4, 5, 7, and 9; Minnesota Statutes 1989 Supplement, sections 13.46, subdivision 2; 13.83, subdivision 8; 13.84, subdivision 5a; 171.06, subdivision 3; 270B.14, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Statutes 1988, section 13.641.

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

Pugh, Carruthers and Marsh have been appointed as such committee on the part of the House.

House File No. 2365 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, 1990

Mr. Peterson, R.W. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2365, 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. 2390:

H.F. No. 2390: A bill for an act relating to children; providing improved procedures to protect the safety and welfare of abused and neglected children; improving data practices; requiring the commissioner of health to encourage display of posters informing pregnant women of the dangers of alcohol use; excluding persons with a history of child abuse or criminal sexual behavior from certain protections for criminal offenders; increasing penalties for assault against a child when there is a past pattern of child abuse; increasing the penalties for malicious child punishment resulting in

great bodily harm and assaulting a child protection worker; including mental injuries and threatened injuries as abuse to be reported as maltreatment of minors; amending Minnesota Statutes 1988, sections 147.09; 259.40, subdivisions 1 and 4; 260.011, subdivision 2; 260.155, subdivision 1; 609.2231, by adding a subdivision; 626.556, subdivisions 1, 3, 4, and by adding a subdivision; 626.559, subdivision 2; Minnesota Statutes 1989 Supplement, sections 179A.03, subdivision 7; 245A.04, subdivision 3; 260.015, subdivision 2a; 260.161, subdivision 2; 260.171, subdivision 4; 260.221, subdivision 1; 364.09; 609.223; 609.377; 626.556, subdivisions 2, 10e, and 11; and 626.558, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 120; 144; and 245.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Vellenga, Wagenius, Kelly, Blatz and Janezich have been appointed as such committee on the part of the House.

House File No. 2390 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, 1990

Ms. Reichgott moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2390, 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. 2230:

H.F. No. 2230: A bill for an act relating to public purchasing; establishing programs for purchasing from certain small targeted group businesses and businesses located in economically disadvantaged areas; requiring prompt payment to subcontractors; providing penalties; amending Minnesota Statutes 1988, sections 16B.07, by adding a subdivision; 16B.20, subdivisions 1 and 3; 161.321, subdivisions 1, 4, 5, and by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 16B.19; 16B.20, subdivision 2; 16B.21; 16B.22; 16B.226; 116J.68; 136.27; 136.72; 137.31, subdivision 6; 161.321, subdivisions 2, 3, and 6; 161.3211; 241.27, subdivision 2; 471.345, subdivision 8; and 473.142; Laws 1989, chapter 352, section 25; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; and 137; repealing Minnesota Statutes 1989 Supplement, sections 16B.189; 137.31, subdivision 3a; and 645.445, subdivision 5.

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

Jefferson, Winter and Pauly have been appointed as such committee on the part of the House.

House File No. 2230 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, 1990

Mrs. Adkins moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2230, 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

Mr. Moe, R.D. introduced—

Senate Concurrent Resolution No. 11: 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 their adjournments on April 12, 1990, the Senate and House of Representatives may each set its next day of meeting for April 17, 1990.
2. Each house consents to adjournment of the other house for more than three days.

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 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. 2173: Messrs. Lessard, Merriam and Frederickson, D.R.

S.F. No. 1983: Messrs. Bertram, Spear and Mrs. McQuaid.

S.F. No. 1854: Messrs. Peterson, R.W.; Merriam and Knaak.

S.F. No. 2156: Messrs. Pehler, Vickerman and Frederickson, D.J.

S.F. No. 1999: Messrs. Pehler, Davis and Mehrkens.

S.F. No. 2108: Messrs. Solon, Spear and Anderson.

S.F. No. 2213: Messrs. DeCramer, Purfeerst and Mrs. McQuaid.

S.F. No. 1874: Messrs. Cohen, Merriam and Knaak.

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

**MEMBERS EXCUSED**

Mr. Gustafson was excused from the Session of today. Mr. Laidig was excused from the Session of today from 10:00 to 11:30 a.m. and 5:20 to 7:10 p.m. Mr. Frank was excused from the Session of today from 12:45 to 4:15 p.m. and at 9:15 p.m. Mr. Spear was excused from the Session of today from 10:00 a.m. to 12:30 p.m. and 6:00 to 9:00 p.m. Mr. Beckman was excused from the Session of today from 2:00 to 2:15 p.m. Mr. Lessard was excused from the Session of today from 1:20 to 1:30 p.m. and 4:30 to 4:50 p.m. Mr. Dahl was excused from the Session of today from 5:30 to 8:00 p.m. Mr. Purfeerst was excused from the Session of today at 6:00 p.m. Mses. Flynn, Berglin and Reichgott were excused from the Session of today from 6:00 to 9:15 p.m. Mrs. Pariseau was excused from the Session of today from 6:00 to 9:00 p.m. Mr. Freeman was excused from the Session of today from 12:00 noon to 3:15 p.m. and at 7:45 p.m.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 11:00 a.m., Thursday, April 12, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**EIGHTY-NINTH DAY**

St. Paul, Minnesota, Thursday, April 12, 1990

The Senate met at 11:00 a.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 Senator Dean E. Johnson.

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

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

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. 1772, 2090, 2179, 2224, 2207, 354, 2109 and 2012.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

Mr. President:

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



Senate Concurrent Resolution No. 10: A Senate concurrent resolution supporting the efforts of the volunteers working to build a Minnesota Vietnam Veterans Memorial.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

### **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. 2478 at 11:00 a.m.:

Messrs. Pogemiller, Novak, Stumpf, Belanger and Johnson, D.J. The motion prevailed.

### **CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Ms. Berglin moved that the following members be excused for a Conference Committee on S.F. No. 488 at 11:00 a.m.:

Messrs. Freeman, Marty and Ms. Berglin. The motion prevailed.

### **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. 2200 at 11:00 a.m.:

Messrs. Brandl, Dicklich, Pehler, Ms. Reichgott and Mr. Peterson, R.W. 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 nursing; allowing nurse practitioners to prescribe and administer drugs and therapeutic devices; authorizing the board of nursing to adopt rules; establishing an interim filing requirement; amending Minnesota Statutes 1989 Supplement, section 148.171; proposing coding for new law in Minnesota Statutes, chapter 148.

Senate File No. 1821 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

### **CONCURRENCE AND REPASSAGE**

Mrs. Lantry moved that the Senate concur in the amendments by the House to S.F. No. 1821 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1821: A bill for an act relating to nursing; allowing nurse practitioners to prescribe and administer drugs and therapeutic devices; authorizing the board of nursing to adopt rules; establishing an interim filing requirement; appropriating money; amending Minnesota Statutes 1989 Supplement, section 148.171; proposing coding for new law in Minnesota Statutes, chapter 148.

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 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knaak	Mehrkens	Ramstad
Anderson	DeCramer	Kroening	Merriam	Reichgott
Beckman	Diessner	Laidig	Metzen	Renneke
Benson	Flynn	Langseth	Morse	Samuelson
Berg	Frank	Lantry	Olson	Spear
Bernhagen	Frederickson, D.J.	Larson	Pariseau	Vickerman
Bertram	Frederickson, D.R.	Luther	Piepho	Waldorf
Brataas	Hughes	McGowan	Piper	
Davis	Johnson, D.E.	McQuaid	Purfeerst	

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

**NOTICE OF RECONSIDERATION**

Mrs. Lantry gave notice of intention to move for reconsideration of S.F. No. 1821.

**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. 1820: A bill for an act relating to counties; permitting a county board to assign certain duties; proposing coding for new law in Minnesota Statutes, chapter 373.

Senate File No. 1820 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

**CONCURRENCE AND REPASSAGE**

Mr. Vickerman moved that the Senate concur in the amendments by the House to S.F. No. 1820 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1820: A bill for an act relating to counties; permitting a court administrator to assign certain duties to county officers; proposing coding for new law in Minnesota Statutes, chapter 485.

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.	Mehrkens	Purfeerst
Anderson	Davis	Knaak	Merriam	Ramstad
Beckman	Decker	Kroening	Metzen	Reichgott
Benson	DeCramer	Laidig	Moe, D.M.	Renneke
Berg	Diessner	Langseth	Moe, R.D.	Samuelson
Berglin	Flynn	Lantry	Morse	Spear
Bernhagen	Frank	Lessard	Olson	Vickerman
Bertram	Frederickson, D.J.	Luther	Pariseau	Waldorf
Brataas	Frederickson, D.R.	McGowan	Piepho	
Cohen	Hughes	McQuaid	Piper	

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. 1946: A bill for an act relating to agriculture; providing for deficiency judgments relating to foreclosure and sale of mortgages on property used in agricultural production; requiring fair market value to be determined by the court; extending period for execution on judgment; amending Minnesota Statutes 1988, sections 500.24, subdivision 4; 582.30, subdivisions 3, 4, 5, and 6.

Senate File No. 1946 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

### CONCURRENCE AND REPASSAGE

Mr. Berg moved that the Senate concur in the amendments by the House to S.F. No. 1946 and that the bill be placed on its repassage as amended.

Mr. DeCramer moved that the Senate do not concur in the amendments by the House to S.F. No. 1946, 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 DeCramer motion.

The roll was called, and there were yeas 31 and nays 19, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Frederickson, D.J.	McQuaid	Samuelson
Anderson	Davis	Hughes	Mehrkens	Spear
Beckman	DeCramer	Johnson, D.E.	Morse	Vickerman
Berglin	Diessner	Kroening	Piper	
Bernhagen	Flynn	Laidig	Purfeerst	
Bertram	Frank	Lantry	Reichgott	
Cohen	Frederick	Luther	Renneke	

Those who voted in the negative were:

Benson	Frederickson, D.R.	Larson	Metzen	Piepho
Berg	Freeman	Lessard	Moe, R.D.	Ramstad
Brataas	Knaak	McGowan	Olson	Storm
Decker	Langseth	Merriam	Pariseau	

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. 1703: A bill for an act relating to natural resources; authorizing the enforcement of certain natural resource laws by conservation officers; amending Minnesota Statutes 1988, section 97A.205.

Senate File No. 1703 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

**CONCURRENCE AND REPASSAGE**

Mr. Berg moved that the Senate concur in the amendments by the House to S.F. No. 1703 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1703: A bill for an act relating to natural resources; authorizing the enforcement of certain natural resource laws by conservation officers; increasing the penalty for wrongful destruction or removal of no trespassing signs; prohibiting shooting at decoys under certain circumstances; prohibiting deer stands on highway right-of-way; amending Minnesota Statutes 1988, sections 97A.205; 97A.315, subdivision 1; 97B.055, subdivision 1; and 97B.325.

S.F. No. 1703 was read the third time.

Mr. Berg moved that S.F. No. 1703 be laid on the table. 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. 2181: A bill for an act relating to labor; regulating joint labor-management committees; regulating public employee elections; providing for the selection of arbitrators by mutual agreement; amending Minnesota Statutes 1988, sections 179.02, by adding a subdivision; 179.84, subdivision 1; 179.85; 179A.04, subdivision 3; 179A.12, subdivisions 7 and 11; and Minnesota Statutes 1989 Supplement, section 179A.16, subdivision 4.

Senate File No. 2181 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

Ms. Flynn moved that the Senate do not concur in the amendments by the House to S.F. No. 2181, 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. 394: A bill for an act relating to education; requiring a report on preparation of post-secondary education administrators and faculty.

Senate File No. 394 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

Mr. Moe, R.D. moved that S.F. No. 394 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. 2281: A bill for an act relating to port authorities; allowing a port authority to use foreign trade zone powers, if granted, outside its port district; amending Minnesota Statutes 1988, section 469.059, subdivision 14.

Senate File No. 2281 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

**CONCURRENCE AND REPASSAGE**

Mr. Frank moved that the Senate concur in the amendments by the House to S.F. No. 2281 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2281 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 51 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Mehrkens	Reichgott
Anderson	Decker	Knaak	Metzen	Renneke
Beckman	DeCramer	Kroening	Moe, D.M.	Schmitz
Benson	Diessner	Laidig	Moe, R.D.	Spear
Berg	Flynn	Langseth	Morse	Storm
Berglin	Frank	Lantry	Olson	Vickerman
Bernhagen	Frederick	Larson	Pariseau	Waldorf
Bertram	Frederickson, D.J.	Lessard	Piepho	
Brataas	Frederickson, D.R.	Luther	Piper	
Cohen	Freeman	Marty	Purfeerst	
Dahl	Hughes	McQuaid	Ramstad	

Mr. Merriam 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. 1729: A bill for an act relating to traffic regulations; requiring motorists to activate vehicle lights during inclement weather conditions; amending Minnesota Statutes 1988, section 169.48.

Senate File No. 1729 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

**CONCURRENCE AND REPASSAGE**

Mr. Mehrkens moved that the Senate concur in the amendments by the House to S.F. No. 1729 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1729: A bill for an act relating to traffic regulations; requiring motorists to activate vehicle lights during inclement weather conditions; providing that violation is not negligence per se or prima facie evidence of negligence; regulating handicapped parking; prohibiting citation quotas; amending Minnesota Statutes 1988, sections 169.346, subdivision 2; and 169.48; proposing coding for new law in Minnesota Statutes, chapter 169.

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

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

The roll was called, and there were yeas 53 and nays 5, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Knaak	Metzen	Purfeerst
Anderson	Dicklich	Kroening	Moe, D.M.	Ramstad
Beckman	Diessner	Laidig	Moe, R.D.	Reichgott
Belanger	Flynn	Langseth	Morse	Renneke
Benson	Frank	Lantry	Novak	Spear
Berglin	Frederick	Larson	Olson	Storm
Bernhagen	Frederickson, D.J.	Lessard	Pariseau	Stumpf
Brandl	Frederickson, D.R.	Luther	Pehler	Vickerman
Brataas	Freeman	Marty	Piepho	Waldorf
Cohen	Hughes	McQuaid	Piper	
Decker	Johnson, D.E.	Mehrkens	Pogemiller	

Those who voted in the negative were:

Berg	Bertram	Davis	Merriam	Samuelson
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So the bill, as amended, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 1150: A bill for an act relating to creditors remedies; regulating executions and garnishments; amending Minnesota Statutes 1988, section 550.142; proposing coding for new law in Minnesota Statutes, chapters 550 and 557; proposing coding for new law as Minnesota Statutes, chapter 551; repealing Minnesota Statutes 1988, sections 550.041; 550.05; 550.14; 550.141; 571.41; 571.42; 571.43; 571.44; 571.45; 571.46; 571.471; 571.495; 571.50; 571.51; 571.52; 571.53; 571.54; 571.55; 571.56; 571.57; 571.58; 571.59; 571.60; 571.61; 571.62; 571.63; 571.64; 571.65; 571.66; 571.67; 571.68; and 571.69.

There has been appointed as such committee on the part of the House: Pugh, Bishop and Kelly.

Senate File No. 1150 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

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. 1873: A bill for an act relating to crime victims; providing victims of delinquent acts the right to request notice of release of juvenile offenders

from juvenile correctional facilities; providing notice to sexual assault victims when a juvenile offender is released from pretrial detention; requiring that victims be informed of their right to request the withholding of public law enforcement data that identifies them; clarifying the duty of court administrators to disburse restitution payments; making certain changes to the crime victims reparations act; amending Minnesota Statutes 1988, sections 611A.53, subdivision 2; and 611A.57, subdivision 6; Minnesota Statutes 1989 Supplement, sections 13.84, subdivision 5a; 260.161, subdivision 2; 611A.04, subdivision 2; 611A.06; 611A.52, subdivision 8; and 629.73; proposing coding for new law in Minnesota Statutes, chapter 611A.

There has been appointed as such committee on the part of the House: Seaberg, Kelly and Pappas.

Senate File No. 1873 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

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. 488: A bill for an act relating to public employment; defining equitable compensation relationships; requiring an implementation report; providing for review of plans; providing for appeals from decisions of the commissioner of employee relations; requiring the commissioner to report to the legislature; amending Minnesota Statutes 1988, sections 471.991, subdivision 5; 471.992, subdivisions 1, 2, and by adding a subdivision; 471.994; 471.998, by adding a subdivision; 471.9981, subdivision 6, and by adding subdivisions; and 471.999; Minnesota Statutes 1989 Supplement, section 485.018, subdivision 7; repealing Minnesota Statutes 1988, sections 471.992, subdivision 3; 471.995; 471.996; 471.9975; and 471.9981, subdivisions 2 to 5.

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

Senate File No. 488 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1990

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2162:

H.F. No. 2162: A bill for an act relating to the operation of state government; changing certain procedures and limits for contracts with the state; establishing an advisory task force; authorizing reimbursement of certain



expenses; changing certain vehicle marking and color provisions; clarifying certain transfer authority; amending Minnesota Statutes 1988, sections 16B.09, by adding a subdivision; 16B.17, subdivisions 3 and 4; 16B.24, subdivision 10; 16B.41, subdivision 4; 16B.58, subdivision 7; and Minnesota Statutes 1989 Supplement, sections 16B.28, subdivision 3; 16B.54, subdivision 2; and 40.46, subdivision 1.

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

Williams, Dille and Jefferson have been appointed as such committee on the part of the House.

House File No. 2162 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, 1990

Mr. Moe, D.M. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2162, 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. 2081:

H.F. No. 2081: A bill for an act relating to state government; regulating certain employment practices; permitting the transfer of vacation and sick leave for certain gubernatorial appointees; permitting employees on permanent layoff to test into new state positions; authorizing the donation of the value accrued vacation leave to other state employees under certain circumstances; making technical changes in the public employees insurance program; eliminating the authority of the board of medical examiners and the board of dentistry to set the salaries of their executive directors; designating certain positions in the unclassified service; eliminating obsolete language; appropriating money; amending Minnesota Statutes 1988, sections 15A.081, subdivision 7b, and by adding a subdivision; 15A.083, subdivisions 5 and 7; 43A.04, subdivisions 1 and 3, and by adding a subdivision; 43A.10, subdivisions 7 and 8; 43A.12, subdivision 5; 43A.13, subdivisions 2, 3, 4, 5, 6, and 7; 43A.15, subdivision 10; 43A.17, subdivisions 1 and 8; 43.18, subdivisions 4 and 5; 43A.191, subdivisions 2 and 3; 43A.23, subdivision 1; 43A.27, subdivision 4; 43A.316, subdivisions 2, 3, 5, 7, and 8; 43A.37, subdivision 1; 176.421, by adding a subdivision; 176B.02; 237.51, subdivision 5; 473.405, subdivision 12; Minnesota Statutes 1989 Supplement, section 43A.08, subdivision 1; 43A.316, subdivisions 9 and 10; 214.04, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 43A; repealing Minnesota Statutes 1988, section 43A.081, subdivisions 1, 2, and 5.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Reding, Rukavina, Rice, Lasley and Haukoos have been appointed as

such committee on the part of the House.

House File No. 2081 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, 1990

Mr. Moe, D.M. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2081, 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. 2103:

H.F. No. 2103: A bill for an act relating to public employee retirement plans; requiring the regular reporting of investment performance results calculated on a time-weighted total rate of return basis; proposing coding for new law in Minnesota Statutes, chapter 356.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Reding; Johnson, R.; Knickerbocker; O'Connor and Simoneau have been appointed as such committee on the part of the House.

House File No. 2103 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, 1990

Mr. Moe, D.M. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2103, 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. 1894.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1990

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1894: A bill for an act relating to public employment; limiting certain severance payments to public employees; restricting administrative leaves for University of Minnesota employees; amending Minnesota Statutes 1988, section 465.72, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 43A; 137; and 177.

Referred to the Committee on Governmental Operations.

### MOTIONS AND RESOLUTIONS

Mr. Freeman moved that S.F. No. 1807 be taken from the table. The motion prevailed.

S.F. No. 1807: A bill for an act relating to local government; permitting the issuance of obligations by the Hennepin county board for a public safety building; permitting Rosemount to incur debt for an armory; requiring a planning process and public hearing.

Mr. Freeman moved that the Senate do not concur in the amendments by the House to S.F. No. 1807, 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.

### 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. 1807: Mr. Freeman, Ms. Olson and Mr. Pogemiller.

H.F. No. 2230: Mrs. Adkins, Messrs. Marty and Larson.

H.F. No. 2365: Messrs. Peterson, R.W.; Merriam and Knaak.

H.F. No. 2390: Ms. Reichgott, Mr. Spear, Meses. Berglin, Flynn and Mrs. Pariseau.

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1860 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1860: A bill for an act relating to domestic abuse; authorizing courts to exclude a respondent from the place of employment of a petitioner in an order for protection; clarifying the probable cause arrest provision

for violations of orders for protection; authorizing bonds to ensure compliance with orders for protection; authorizing referrals to prosecuting authorities for violations of orders for protection; improving prosecutorial procedures in domestic abuse cases; requiring the commissioner of public safety to study the feasibility and costs of a statewide computerized data base on domestic abuse; requiring a report; amending Minnesota Statutes 1988, sections 518B.01, subdivisions 6, 7, and 14; and 611A.0315, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 611A.

Mr. Freeman moved to amend S.F. No. 1860 as follows:

Page 5, after line 25, insert:

"Sec. 4. Minnesota Statutes 1989 Supplement, 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, escape from custody, or any felony violation of chapter 152 involving the unlawful sale of a controlled substance;

(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; *or*

*(6) causes the death of a human being under circumstances other than those described in clause (1), (2), or (5) while committing domestic abuse, when the perpetrator has engaged in a past pattern of domestic abuse upon the victim 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.

*For purposes of clause (6), "domestic abuse" means an act that:*

*(1) constitutes a violation of section 609.221, 609.222, or 609.223; and*

*(2) is committed against the victim who is a family or household member*

as defined in section 518B.01, subdivision 2, paragraph (b).”

Page 8, after line 21, insert:

“Sec. 8. [EFFECTIVE DATE.]

*Section 4 is effective August 1, 1990, and applies to crimes committed on or after that date.”*

ReNUMBER the sections in sequence

Amend the title as follows:

Page 1, line 13, after the second semicolon, insert “expanding the crime of first degree murder to include certain deaths caused by domestic abuse; imposing penalties;”

Page 1, line 15, after the second semicolon, insert “Minnesota Statutes 1989 Supplement, section 609.185;”

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 motion prevailed. So the amendment was adopted.

Mr. Freeman then moved to amend S.F. No. 1860 as follows:

Page 5, line 26, delete “; PILOT”

Page 5, line 27, before the period, insert “; PILOT PROGRAM”

Page 5, line 35, before “Five” insert “The commissioner of public safety shall select” and after “county” insert “attorneys”

Page 5, line 36, delete everything after “attorneys” and insert “whose jurisdictions have higher than a 50 percent dismissal rate of domestic abuse cases and direct them to”

Page 6, line 3, delete everything after the period

Page 6, delete lines 4 to 6

Page 6, line 7, delete everything before “state” and insert “Domestic abuse advocates and other interested members of the public must have an opportunity to assist in the development of a model plan and in the development or adaptation of the plans in each of the jurisdictions selected for the pilot program. Once a model plan is developed, the commissioner shall make it available to all city and county attorneys regardless of whether they are participating in the pilot program. All plans must”

Page 6, line 9, delete “the plan must provide for (a)”

Page 6, line 11, after “feasible” insert “, or, where applicable, probation revocation”

Page 6, line 12, delete “(b)”

Page 6, line 13, delete “the plan shall contain”

Page 6, lines 19 and 31, delete “the plan must contain”

Page 6, line 23, delete “the plan shall describe the” and delete “which” and insert “that”

Page 6, line 34, delete “the plan shall encourage the issuance” and insert “the use” and delete “of” and insert “for”

Page 6, line 36, delete "*the plan must include*"

Page 7, line 3, delete "*the plan must include*"

Page 7, line 5, delete "*Minnesota*"

Page 7, line 6, delete "*department*" and insert "*commissioner*"

Page 7, line 7, delete "*plan*" and insert "*program*"

Page 7, line 8, delete "*project*" and insert "*program*" and after the period, delete "*The*"

Page 7, delete lines 9 and 10 and insert "*The status report must contain information on the number of prosecutions and dismissals of domestic abuse cases in the prosecutor's office.*"

Page 8, line 17, delete everything after the first "*and*"

Page 8, line 18, delete everything before the semicolon and insert "*identifying information on the victim or alleged victim, to the extent determined to be necessary*"

Page 8, line 20, before the first "*The*" insert "*The evaluation must include consideration of the risk to victims of creating a data base that identifies victims.*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1860 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	Mehrkens	Purfeerst
Anderson	Davis	Johnson, D.E.	Merriam	Ramstad
Beckman	Decker	Knaak	Metzen	Reichgott
Belanger	DeCramer	Kroening	Moe, R.D.	Renneke
Benson	Diessner	Laidig	Morse	Samuelson
Berg	Flynn	Langseth	Novak	Spear
Berglin	Frank	Larson	Olson	Storm
Bernhagen	Frederick	Lessard	Pariseau	Stumpf
Bertram	Frederickson, D.J.	Luther	Pehler	Vickerman
Brandl	Frederickson, D.R.	Marty	Piepho	Waldorf
Cohen	Freeman	McQuaid	Pogemiller	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2030 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2030: A bill for an act relating to traffic regulations; requiring annual inspections of commercial motor vehicles; providing for the certification of persons to conduct annual inspections; requiring daily pre-trip inspections; requiring post-accident inspections; prescribing fees; providing penalties; appropriating money; amending Minnesota Statutes 1988, sections 221.031, subdivision 1, and by adding a subdivision; 221.221, subdivisions 2 and 3; and 221.605, subdivision 1; Minnesota Statutes 1989 Supplement, section 221.031, subdivision 2a; proposing coding for new

law in Minnesota Statutes, chapter 169.

Mr. Purfeerst moved to amend S.F. No. 2030 as follows:

Page 10, delete line 36 and insert:

*“Section 1, subdivisions 1 and 3 to 8, and sections 2 to 10 are effective July 1, 1990. Section 1, subdivision 2, is effective April 1, 1991.”*

The motion prevailed. So the amendment was adopted.

S.F. No. 2030 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Adkins	Decker	Knaak	Metzen	Ramstad
Anderson	DeCramer	Kroening	Moe, R.D.	Reichgott
Beckman	Dicklich	Laidig	Morse	Renneke
Benson	Diessner	Langseth	Novak	Samuelson
Berglin	Flynn	Larson	Olson	Spear
Bernhagen	Frank	Lessard	Pariseau	Storm
Bertram	Frederickson, D.J.	Luther	Pehler	Stumpf
Brataas	Frederickson, D.R.	Marty	Peterson, R.W.	Vickerman
Cohen	Hughes	McQuaid	Piepho	Waldorf
Dahl	Johnson, D.E.	Mehrkens	Piper	
Davis	Johnson, D.J.	Merriam	Purfeerst	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1750 a Special Order to be heard immediately.

**SPECIAL ORDER**

S.F. No. 1750: A bill for an act relating to agriculture; making legislative findings; extending the farmer-lender mediation act; appropriating money; amending Minnesota Statutes 1988, section 583.21; Laws 1986, chapter 398, article 1, section 18, as amended.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.J.	Metzen	Renneke
Anderson	Davis	Knaak	Moe, R.D.	Samuelson
Beckman	Decker	Kroening	Morse	Spear
Belanger	Dicklich	Laidig	Novak	Storm
Benson	Diessner	Lantry	Olson	Stumpf
Berg	Flynn	Larson	Pariseau	Vickerman
Berglin	Frank	Lessard	Pehler	Waldorf
Bernhagen	Frederickson, D.J.	Luther	Piepho	
Bertram	Frederickson, D.R.	Marty	Piper	
Brataas	Hughes	McQuaid	Ramstad	
Cohen	Johnson, D.E.	Mehrkens	Reichgott	

Messrs. Merriam and Peterson, R.W. voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2246 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2246: A bill for an act relating to public employment; expanding coverage of the public employees insurance plan; establishing classes of premiums; amending Minnesota Statutes 1988, section 43A.316, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 356.

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	Dahl	Hughes	McQuaid	Piper
Anderson	Davis	Johnson, D.E.	Mehrkens	Ramstad
Beckman	Decker	Johnson, D.J.	Merriam	Reichgott
Belanger	DeCramer	Knaak	Metzen	Renneke
Benson	Dicklich	Kroening	Morse	Samuelson
Berg	Diessner	Laidig	Novak	Spear
Berglin	Flynn	Langseth	Olson	Storm
Bernhagen	Frank	Lantry	Pariseau	Stumpf
Bertram	Frederickson, D.J.	Larson	Pehler	Vickerman
Brataas	Frederickson, D.R.	Luther	Peterson, R.W.	Waldorf
Cohen	Freeman	Marty	Piepho	

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Dicklich moved that S.F. No. 2317 be taken from the table. The motion prevailed.

S.F. No. 2317: A bill for an act relating to utilities; providing for the assessment of expenses for adjudicating service area disputes to municipal electric utilities; providing for civil penalties for violations of chapter 237; reestablishing the position of program administrator of the telecommunications access for communication-impaired persons board; extending the electric utility service area task force until 1992; requiring a study; appropriating money; amending Minnesota Statutes 1988, sections 216B.62, subdivision 5; and 237.51, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 237.

Mr. Dicklich moved that the Senate do not concur in the amendments by the House to S.F. No. 2317, 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. Freeman moved that S.F. No. 2192, No. 12 on General Orders, be stricken and returned to its author.

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. 1928, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1928 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1990

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 1928**

A bill for an act relating to occupations and professions; providing for training for armed employees of private detectives and protective agents; prohibiting certain acts by protective agents and security guards during a labor dispute; amending Minnesota Statutes 1988, sections 326.32, by adding a subdivision; and 326.3384, by adding a subdivision; and amending Minnesota Statutes 1989 Supplement, section 326.3384, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 326.

April 5, 1990

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. 1928, 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. 1928 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 326.32, is amended by adding a subdivision to read:

*Subd. 8a. [ARMED EMPLOYEE.] “Armed employee” means an employee of a private detective or protective agent who at any time in the performance of the employee’s duties wears, carries, possesses, or has access to a firearm.*

Sec. 2. [326.3361] [TRAINING.]

*Subdivision 1. [RULES.] The board shall, by rule, prescribe the requirements, duration, contents, and standards for successful completion of training programs for employees, including:*

*(1) first aid and firearms training required for armed employees, including training in the legal limitations on the justifiable use of force and deadly force as specified in sections 609.06 and 609.065;*

*(2) training in the use of weapons other than firearms, including bludgeons, nightsticks, batons, chemical weapons, and electronic incapacitation devices, and in the use of restraint or immobilization techniques,*

*including the carotid neck restraint;*

*(3) standards for weapons and equipment issued to or carried or used by employees;*

*(4) preassignment or on-the-job training, or its equivalent, required before applicants may be certified; and*

*(5) continuing training for employees and armed employees.*

*Subd. 2. [REQUIRED CONTENTS.] The rules adopted by the board must require:*

*(1) 12 hours of preassignment or on-the-job training within the first 21 days of employment, or evidence that the employee has successfully completed equivalent training before the start of employment;*

*(2) standards for certification of an employee, by the board, as qualified to carry or use a firearm, a weapon other than a firearm, or an immobilizing or restraint technique; and*

*(3) six hours a year of continuing training for all employees, and an additional six hours a year for armed employees, which must include annual certification of the armed employee.*

*An employee may not carry or use a weapon while undergoing on-the-job training under this subdivision.*

*Subd. 3. [USE OF WEAPONS; CERTIFICATION REQUIRED.] The rules must provide that no employee may carry or use a weapon or immobilizing or restraint technique without being certified by the board as qualified to do so. The board shall issue an identification card to a person certified under this subdivision. A certified employee shall have the card in the employee's possession while working as an armed employee.*

*Subd. 4. [FULL-TIME PEACE OFFICERS.] A person licensed as a peace officer by the board of peace officer standards and training meets the training requirements of this section.*

*Sec. 3. Minnesota Statutes 1988, section 326.3384, is amended by adding a subdivision to read:*

*Subd. 1b. [ACTS PROHIBITED DURING LABOR DISPUTES, STRIKES, AND LOCKOUTS.] (a) This subdivision applies to (1) a license holder or an employee of a license holder who is primarily performing the duties of a protective agent; or (2) a security guard who is primarily performing the duties of a security guard.*

*(b) A person described in paragraph (a) is prohibited from doing any of the activities described in clauses (1) to (5) during a labor dispute, strike, or lockout as defined in section 179.01, subdivisions 7, 8, and 9:*

*(1) inciting, encouraging, or aiding in the incitement or encouragement of any participant to do unlawful acts against the person or property of anyone;*

*(2) photographing a participant when neither that person nor the photographer is on the premises being protected by the persons described in paragraph (a);*

*(3) stopping or detaining any vehicle unless the vehicle is on premises being protected by the persons described in paragraph (a);*

(4) conducting surveillance of participants, when neither the participant nor the person conducting the surveillance is on the premises being protected by the person described in paragraph (a), or of their businesses, or homes; or

(5) any other activities that are outside of the scope of the duties described in sections 326.32, subdivision 13, and 326.338, subdivision 4, and have the purpose of intimidating or provoking a participant.

Sec. 4. Minnesota Statutes 1989 Supplement, section 326.3384, subdivision 2, is amended to read:

Subd. 2. [PENALTY.] (a) A ~~license holder~~ person violating ~~subdivision 1 or 1a~~ this section is guilty of a gross misdemeanor.

(b) The board shall suspend the license of a license holder for the periods described in paragraph (c) if the license holder or an employee of the license holder is convicted of a violation of subdivision 1b. The board shall prohibit an employee of a license holder from working for any license holder for the periods described in paragraph (c) if the employee is convicted of a violation of subdivision 1b.

(c) The periods described in paragraph (b) are as follows:

- (1) 60 days for the first violation;
- (2) six months for the second violation; and
- (3) one year for the third violation."

Amend the title as follows:

Page 1, line 8, delete "and amending"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Joseph Begich, John J. Sarna, Dave Bishop

Senate Conferees: (Signed) Ronald R. Dicklich, John J. Marty, Patrick D. McGowan

Mr. Dicklich moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1928 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. 1928 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 9, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kroening	Moe, R. D.	Samuelson
Anderson	Dicklich	Laidig	Morse	Schmitz
Beckman	Diessner	Langseth	Novak	Spear
Belanger	Flynn	Lantry	Pehler	Storm
Berg	Frank	Lessard	Peterson, R. W.	Stumpf
Berglin	Frederickson, D.R.	Luther	Piepho	Vickerman
Bernhagen	Freeman	Marty	Piper	Waldorf
Bertram	Hughes	Merriam	Purfeerst	
Dahl	Johnson, D.E.	Metzen	Reichgott	
Davis	Johnson, D.J.	Moe, D.M.	Renneke	

Those who voted in the negative were:

Brataas	Decker	Larson	Mehrkens	Ramstad
Cohen	Knaak	McQuaid	Olson	

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:

H.F. No. 2081: Messrs. Moe, D.M.; Morse; Marty; Mrs. Pariseau and Mr. Frederickson, D.R.

H.F. No. 2103: Messrs. Moe, D.M.; Waldorf; Renneke; Morse and Pogemiller.

H.F. No. 2162: Messrs. Moe, D.M.; Larson and Frederickson, D.J.

Mr. Moe, R.D. moved that the foregoing appointments be approved. 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 the adoption by the House of the following Senate Concurrent Resolution, herewith returned:

Senate Concurrent Resolution No. 11: A Senate concurrent resolution relating to adjournment for more than three days.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Berg moved that S.F. No. 1703 be taken from the table. The motion prevailed.

S.F. No. 1703: A bill for an act relating to natural resources; authorizing the enforcement of certain natural resource laws by conservation officers; increasing the penalty for wrongful destruction or removal of no trespassing signs; prohibiting shooting at decoys under certain circumstances; prohibiting deer stands on highway right-of-way; amending Minnesota Statutes 1988, sections 97A.205; 97A.315, subdivision 1; 97B.055, subdivision 1;

and 97B.325.

Mr. Berg moved that the Senate do not concur in the amendments by the House to S.F. No. 1703, 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.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2527 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2527: A bill for an act relating to agriculture; establishing an agricultural liming material law; appropriating money; prescribing penalties; proposing coding for new law as Minnesota Statutes, chapter 18F.

Mr. Frederickson, D.R. moved to amend S.F. No. 2527 as follows:

Page 9, after line 35, insert:

“Sec. 14, Minnesota Statutes 1988, section 500.24, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) The chief executive officer of every pension or investment fund, corporation, 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, 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 ten 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;

(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, 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) The commissioner or the commissioner's authorized representative may enter into a written agreement with a person required to file a report under this subdivision who, for good cause shown, has failed to make a timely filing. An agreement must be construed as a "no contest" pleading and may encompass a reduction or waiver of the civil penalty for late filing. The agreement is final and conclusive with respect to the civil penalty, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The matter agreed upon in the agreement may not be reopened or modified by an officer, employee, or agent of the state. The report required under paragraph (b) must be completed prior to a reduction or waiver under this paragraph. The commissioner may enter into an agreement under this paragraph only once for each person required to file under this subdivision.*

*(d) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor."*

Renumber the sections in sequence and correct the internal references  
Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2527 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Moe, R.D.	Renneke
Anderson	Decker	Kroening	Morse	Schmitz
Beckman	DeCramer	Laidig	Novak	Spear
Benson	Dicklich	Lantry	Pariseau	Storm
Berg	Flynn	Larson	Piepho	Vickerman
Berglin	Frank	Lessard	Piper	Waldorf
Bernhagen	Frederickson, D.J.	Marty	Pogemiller	
Bertram	Frederickson, D.R.	McQuaid	Purfeerst	
Brataas	Freeman	Mehrkens	Ramstad	
Cohen	Hughes	Merriam	Reichgott	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2012 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 2012: A bill for an act relating to agriculture; providing for uniformity of certain food rules with federal law; amending Minnesota Statutes 1989 Supplement, section 31.101, by adding a subdivision.

Mr. Morse moved to amend H.F. No. 2012, as amended pursuant to Rule 49, adopted by the Senate March 21, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1902.)

Page 1, after line 15, insert:

“Section 1. [28A.20] [FOOD SAFETY ADVISORY COMMITTEE.]

*Subdivision 1. [ESTABLISHMENT.] A food safety advisory committee is established to advise the commissioner and the legislature on food issues and food safety.*

*Subd. 2. [MEMBERSHIP.] (a) The food safety advisory committee consists of:*

*(1) the commissioner of agriculture;*

*(2) the commissioner of health;*

*(3) a representative of the United States Food and Drug Administration;*

*(4) a representative of the United States Department of Agriculture;*

*(5) one person from the University of Minnesota knowledgeable in food and food safety issues; and*

*(6) eight members appointed by the governor who are interested in food and food safety, of whom:*

*(i) two persons are health or food professionals;*

*(ii) one person represents a statewide general farm organization;*

*(iii) one person represents a local food inspection agency; and*

*(iv) one person represents a food-oriented consumer group.*

*(b) Members shall serve without compensation. Members appointed by*

*the governor shall serve four-year terms.*

*Subd. 3. [ORGANIZATION.] (a) The committee shall meet monthly or as determined by the chair.*

*(b) The members of the committee shall annually elect a chair and other officers as they determine necessary.*

*Subd. 4. [STAFF] The commissioner of agriculture shall provide support staff, office space, and administrative services for the committee.*

*Subd. 5. [DUTIES.] The committee shall:*

*(1) coordinate educational efforts about various aspects of food safety;*

*(2) provide advice and coordination to state agencies as requested by the agencies;*

*(3) serve as a source of information and referral for the public, news media, and others concerned with food safety; and*

*(4) make recommendations to Congress, the legislature, and others about appropriate action to improve food safety in the state."*

Page 7, line 23, delete "72" and insert "76"

Page 7, line 24, after the period, insert "*The commissioner or an agent of the commissioner may waive the 76-hour time limit in a case of hardship, emergency, or natural disaster.*"

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. 2012, as amended pursuant to Rule 49, adopted by the Senate March 21, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1902.)

Page 8, after line 27, insert:

"Sec. 11. [TASK FORCE.]

*By January 1, 1991, the advisory task force on farm safety established by Laws 1989, chapter 350, article 17, section 1, shall develop a plan for a farm safety audit pilot project to be implemented by the Minnesota extension service in cooperation with selected insurance companies and shall report the plan and its other legislative recommendations to the agriculture committees of the senate and the house of representatives.*

Sec. 12. [AVAILABILITY OF FUNDING.]

*The unexpended balance of the money appropriated to the commissioner of agriculture under Laws 1989, chapter 350, article 20, section 29, is available to the commissioner until June 30, 1991, for purposes of the advisory task force in section 11."*

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2012 was read the third time, as amended, and placed on its final passage.

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



The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Frederickson, D.R.	Luther	Piper
Anderson	Davis	Hughes	Marty	Purfeerst
Beckman	Decker	Johnson, D.E.	McQuaid	Ramstad
Benson	DeCramer	Knaak	Mehrkens	Schmitz
Berg	Dicklich	Kroening	Merriam	Spear
Berglin	Diessner	Laidig	Metzen	Storm
Bernhagen	Flynn	Langseth	Moe, R.D.	Vickerman
Bertram	Frank	Lantry	Morse	
Brataas	Frederick	Larson	Pariseau	
Cohen	Frederickson, D.J.	Lessard	Piepho	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Reichgott moved that S.F. No. 2290, No. 2 on Special Orders, be stricken and returned to its author. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2134 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 2134: A bill for an act relating to elections; changing the vote margin for an automatic recount at the state primary or general election; amending Minnesota Statutes 1988, section 204C.35, subdivision 1.

Mr. Johnson, D.E. moved to amend H.F. No. 2134 as follows:

Page 2, after line 4, insert:

"Sec. 2. Minnesota Statutes 1988, section 204D.03, subdivision 1, is amended to read:

Subdivision 1. [STATE PRIMARY.] The state primary shall be held on the first Tuesday after the second Monday in ~~September~~ June in each even-numbered year to select the nominees of the major political parties for partisan offices and the nominees for nonpartisan offices to be filled at the state general election, other than presidential electors.

Sec. 3. [REPEALER.]

*Minnesota Statutes 1988, sections 202A.14; 202A.15, subdivision 1; 202A.16; 202A.17; 202A.18; and Minnesota Statutes 1989 Supplement, sections 202A.15, subdivision 2; and 207A.05, are repealed."*

Amend the title accordingly

### CALL OF THE SENATE

Mr. Cohen imposed a call of the Senate for the balance of the proceedings on H.F. No. 2134. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Spear questioned whether the Johnson, D.E. amendment was germane.

The President ruled that the amendment was not germane.

Mr. Johnson, D.E. appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgement of the Senate?"

The roll was called, and there were yeas 27 and nays 16, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Frederickson, D.J.	Lessard	Samuelson
Beckman	Davis	Freeman	Luther	Spear
Berg	DeCramer	Hughes	Marty	Vickerman
Berglin	Dicklich	Kroening	Merriam	
Bertram	Diessner	Langseth	Moe, R.D.	
Cohen	Flynn	Lantry	Piper	

Those who voted in the negative were:

Anderson	Decker	Knaak	McQuaid	Piepho
Benson	Frederickson, D.R.	Laidig	Mehrkens	Ramstad
Bernhagen	Johnson, D.E.	Larson	Pariseau	Storm
Brataas				

So the decision of the President was sustained.

H.F. No. 2134 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 37 and nays 7, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	McQuaid	Samuelson
Anderson	Davis	Johnson, D.E.	Mehrkens	Schmitz
Beckman	Decker	Johnson, D.J.	Metzen	Spear
Benson	Diessner	Kroening	Moe, R.D.	Storm
Berg	Flynn	Laidig	Pariseau	Vickerman
Berglin	Frank	Langseth	Piepho	
Bernhagen	Frederickson, D.J.	Larson	Piper	
Cohen	Freeman	Luther	Ramstad	

Those who voted in the negative were:

Bertram	DeCramer	Knaak	Lessard	Merriam
Brataas	Frederickson, D.R.			

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1944 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1944: A bill for an act relating to elections; requiring the designation of a local government election for election of county, municipal, and school district officers, and officers of all other political subdivisions except towns; requiring that certain questions be voted on only at the local government election for the political subdivision; requiring uniform and coordinated election precincts and polling places for municipalities and school districts; superseding certain inconsistent general and special laws and home rule charter provisions; amending Minnesota Statutes 1988, sections 40.05, subdivisions 1, 3, and 4; 40.06, subdivision 1; 122.23, subdivisions 12 and 17; 122.25, subdivision 2; 123.12, subdivision 1; 123.33, subdivision 1; 123.34, subdivision 1; 123.351, subdivisions 1 and 3; 123.51; 200.02, by adding a subdivision; 201.071, subdivisions 1, 3, and 8; 203B.06, subdivision 3; 204B.14, by adding a subdivision; 204B.16,

subdivision 1; 204B.18, subdivision 2, and by adding a subdivision; 204C.10, subdivision 1; 204D.02, subdivisions 1 and 2; 204D.11, subdivision 5; 204D.16; 205.02, subdivision 2; 205.13, subdivisions 1 and 6; 205.185, subdivisions 2, 3, and by adding a subdivision; 205A.02; 205A.06, subdivision 5; 375.03; 375.101, by adding a subdivision; 382.01; 397.06; 397.07; 398.04; 410.21; 412.02, subdivision 2; 412.571, subdivision 5; 447.32, subdivisions 1 and 2; Minnesota Statutes 1989 Supplement, sections 122.23, subdivision 18; 128.01, subdivision 3; 412.021, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 205; repealing Minnesota Statutes 1988, sections 123.11, subdivisions 2, 3, 4, 5, and 6; 200.015; 204D.28, subdivision 5; 205.02; 205.065, subdivisions 2, 3, 4, 5, 6, and 7; 205.07; 205.10; 205.121; 205.175; 205.18, subdivision 1; 205.20; 206.76; 375.101, subdivisions 1 and 2; and 447.32, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 205.065, subdivision 1; and 205.18, subdivision 2.

Mr. Luther moved to amend S.F. No. 1944 as follows:

Page 2, line 6, delete "all"

Page 2, line 8, delete everything after "November" and insert a semicolon

Page 2, delete line 9

Page 2, line 23, before "The" insert "Except as otherwise provided by this section,"

Page 2, line 24, delete everything after "officers"

Page 2, line 31, delete everything after "subdivision"

Page 2, line 32, delete "or" and insert "year, the" and before the period, insert ", or annually"

Page 3, line 7, delete everything after the headnote

Page 3, line 8, delete "law,"

Page 3, line 11, delete everything after "if" and insert "the political subdivision certifies that an emergency exists because the capital improvement for which the bond proceeds will be used was rendered unusable through natural disaster or vandalism. If the capital improvement is an educational facility, the political subdivision shall certify this emergency finding to the commissioner of education before scheduling the emergency bond issue election. For other capital improvements, the political subdivision shall certify the emergency finding to the secretary of state before scheduling the emergency bond issue election."

Page 3, delete line 12

Page 7, delete section 5

Renumber the sections of article 2 in sequence and correct the internal references

Page 11, line 7, delete everything after "November"

Page 11, line 8, delete "year"

Page 22, line 1, after the colon, insert:

"(1) for school districts that designated biennial elections under article 1, section 2,"

Page 22, delete lines 4 to 7 and insert “*until the expiration of two years from said July 1, to hold first Monday in January following the next school district general election and three until the first Monday in January following the second succeeding school district general election; and*

*(2) for school districts that designated annual elections under article 1, section 2, three until the first Monday in January following the second succeeding annual school district election, and three until the first Monday in January following the third succeeding annual school district election. A member holds office”*

Page 22, line 17, before the period, insert “*for school districts with biennial elections*” and after the period, insert “*For school districts of seven members with annual elections, two members shall hold office until the expiration of two years from the first Monday in January following the next annual election, and two members shall hold office until the expiration of three years from the first Monday in January following the second succeeding annual election.*”

Page 24, line 25, before “*school*” insert “*biennial*”

Page 24, line 27, before the period, insert “*or following the second succeeding annual school district general election*”

Pages 24 and 25, delete sections 9 and 10

Page 27, lines 7 and 8, reinstate the stricken language and delete the new language

Page 27, line 9, reinstate the stricken “*three*” and delete “*four*”

Page 27, line 13, reinstate the stricken language and delete the new language

Page 27, line 14, reinstate the stricken language

Page 27, line 15, reinstate the stricken “*three*” and delete “*four*”

ReNUMBER the sections of article 4 in sequence and correct the internal references

Page 35, lines 7, 13, and 15, delete “*1993*” and insert “*1992*”

Page 35, line 11, delete “*odd-numbered*” and insert “*even-numbered*”

Page 35, line 12, before the comma, insert “*or designates annual elections*”

Page 35, line 16, delete “*even-numbered*” and insert “*odd-numbered*”

Page 35, lines 17 and 19, delete “*1994*” and insert “*1993*”

Page 35, line 22, delete “*1992*” and insert “*1991*”

Page 35, line 23, delete “*or*” and insert “*year, the*” and before “*for*” insert “*, or annually,*”

Page 36, lines 12, 23, and 24, delete “*1992*” and insert “*1991*”

Page 37, line 8, delete “*1993*” and insert “*1992*”

Page 37, line 23, delete “*1994*” and insert “*1992*” and delete “*1995*” and insert “*1993*”

Page 37, lines 26 and 28, delete “*1995*” and insert “*1993*”

Page 37, line 32, delete “*1992*” and insert “*1991*”

Page 38, lines 6 and 7, delete "1992" and insert "1991"

Page 38, line 26, delete "1993" and insert "1992"

Page 39, lines 7 and 33, delete "1993" and insert "1992"

Page 39, line 21, delete "1995" and insert "1994"

Page 40, line 7, delete "1995" and insert "1994"

Page 40, line 11, delete "1993" and insert "1992"

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Ramstad moved to amend S.F. No. 1944 as follows:

Page 40, after line 11, insert:

#### "ARTICLE 6

#### MISCELLANEOUS ELECTIONS PROVISIONS

Section 1. Minnesota Statutes 1988, section 204C.15, subdivision 1, is amended to read:

Subdivision 1. [INTERPRETERS; PHYSICAL ASSISTANCE IN MARKING BALLOTS.] A voter who claims under oath a need for assistance because of inability to read English or physical inability to mark a ballot may obtain the aid of two election judges who are members of different major political parties. The election judges shall mark the ballots as directed by the voter and in as secret a manner as circumstances permit. If the voter is deaf or cannot speak English or understand it when it is spoken, the election judges may select two individuals who are members of different major political parties to act as interpreters. The interpreters shall take an oath similar to that taken by election judges, and shall assist the individual in marking the ballots. A voter in need of assistance may alternatively obtain the assistance of any individual the voter chooses. The individual who assists the voter shall take an oath of eligibility to do so, *unless the person is the voter's spouse*. Only the following persons may not provide assistance to a voter, *unless the person is the voter's spouse*: the voter's employer, an agent of the voter's employer, an officer or agent of the voter's union, or a candidate for election. The person who assists the voter shall, unaccompanied by an election judge, retire with that voter to a booth and mark the ballot as directed by the voter. No person who assists another voter as provided in the preceding sentence shall mark the ballots of more than three voters at one election. Before the ballots are deposited, the voter may show them privately to an election judge to ascertain that they are marked as the voter directed. An election judge or other individual assisting a voter shall not in any manner request, persuade, induce, or attempt to persuade or induce the voter to vote for any particular political party or candidate. The election judges or other individuals who assist the voter shall not reveal to anyone the name of any candidate for whom the voter has voted or anything that took place while assisting the voter."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. DeCramer moved to amend S.F. No. 1944 as follows:

Page 3, line 2, delete the first comma and insert "and" and before

*“school” insert “each” and after “district” insert “that holds its general election on the first Tuesday after the first Monday in November”*

Page 3, line 4, after *“towns”* insert *“and school districts that hold their general elections on the third Tuesday in May”*

Page 11, line 4, delete the first comma and insert *“and”* and before *“school”* insert *“each”* and after *“district”* insert *“that holds its general election on the first Tuesday after the first Monday in November”*

Page 11, line 6, after *“towns”* insert *“and school districts that hold their general elections on the third Tuesday in May”*

Page 16, line 18, after *“state”* insert *“elected on the first Tuesday after the first Monday in November”*

Page 16, line 19, after *“towns”* insert *“and school districts that hold their general elections on the third Tuesday in May”*

Page 17, delete section 16

Renumber the sections of article 3 in sequence and correct the internal references

Pages 21 to 28, delete sections 7 to 13

Renumber the sections of article 4 in sequence and correct the internal references

Page 36, delete lines 4 to 10

Reletter the paragraphs in sequence and correct the internal references

Page 37, delete lines 24 to 30

Reletter the paragraphs in sequence and correct the internal references

Page 39, lines 35 and 36, delete *“123.11, subdivisions 2, 3, 4, 5, and 6;”*

Amend the title accordingly

### CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on S.F. No. 1944. The Sergeant at Arms was instructed to bring in the absent members.

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 the Luther amendment to S.F. No. 1944 as follows:

Page 1, line 24, after the period, insert *“In addition, a school district may hold an emergency bond issue election on another date if the school district requests and receives certification of the commissioner of education that rapidly expanding enrollment in the district constitutes an emergency that warrants an election on another date.”*

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

Mr. Knaak moved to amend S.F. No. 1944 as follows:

Page 3, line 15, delete "*second*" and insert "*third*" and delete "*September*" and insert "*June*"

Page 35, after line 1, insert:

"Section 1. Minnesota Statutes 1988, section 204D.03, subdivision 1, is amended to read:

Subdivision 1. [STATE PRIMARY.] The state primary shall be held on the first Tuesday after the ~~second~~ *third* Monday in ~~September~~ *June* in each even-numbered year to select the nominees of the major political parties for partisan offices and the nominees for nonpartisan offices to be filled at the state general election, other than presidential electors."

Page 39, after line 34, insert:

*"Minnesota Statutes 1988, sections 202A.14; 202A.15, subdivision 1; 202A.16; 202A.17; 202A.18; and Minnesota Statutes 1989 Supplement, sections 202A.15, subdivision 2; and 207A.05, are repealed."*

Renumber the sections of article 5 in sequence and correct the internal references

Amend the title accordingly

Mr. Freeman questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the amendment.

Mr. Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 24 and nays 35, as follows:

Those who voted in the affirmative were:

Belanger	Decker	Johnson, D.E.	Larson	Ramstad
Benson	Dicklich	Johnson, D.J.	Lessard	Samuelson
Berg	Diessner	Knaak	Mehrkens	Schmitz
Bertram	Frank	Laidig	Piepho	Storm
Brataas	Frederick	Lantry	Purfeerst	

Those who voted in the negative were:

Adkins	Dahl	Hughes	Metzen	Piper
Anderson	Davis	Kroening	Moe, D.M.	Pogemiller
Beckman	DeCramer	Langseth	Moe, R.D.	Renneke
Berglin	Flynn	Luther	Morse	Spear
Bernhagen	Frederickson, D.J.	Marty	Novak	Stumpf
Brandl	Frederickson, D.R.	McQuaid	Olson	Vickerman
Cohen	Freeman	Merriam	Pariseau	Waldorf

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

S.F. No. 1944 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 46 and nays 12, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Johnson, D.J.	Moe, D.M.	Samuelson
Beckman	Dicklich	Knaak	Moe, R.D.	Schmitz
Belanger	Diessner	Kroening	Morse	Spear
Berg	Flynn	Langseth	Novak	Stumpf
Berglin	Frank	Lantry	Olson	Vickerman
Bertram	Frederickson, D.J.	Luther	Pehler	Waldorf
Brataas	Frederickson, D.R.	Marty	Peterson, R.W.	
Cohen	Freeman	McQuaid	Piper	
Dahl	Hughes	Merriam	Pogemiller	
Davis	Johnson, D.E.	Metzen	Purfeerst	

Those who voted in the negative were:

Anderson	Decker	Lessard	Piepho	Renneke
Benson	Laidig	Mehrkens	Ramstad	Storm
Bernhagen	Larson			

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

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 and First Reading of House Bills.

### MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 188: A bill for an act relating to commerce; requiring mortgage lenders and mortgage brokers to obtain a license from the commissioner of commerce; requiring certain disclosures by mortgage lenders and mortgage brokers; prohibiting certain practices by mortgage lenders and mortgage brokers; appropriating money; amending Minnesota Statutes 1988, sections 82.17, subdivision 4; and 82.18; proposing coding for new law as Minnesota Statutes, chapter 57; repealing Minnesota Statutes 1988, section 82.175.

Senate File No. 188 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

Mr. Freeman moved that the Senate do not concur in the amendments by the House to S.F. No. 188, 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 House File No. 257, and repassed said bill in accordance with the report of the Committee, so adopted.

H.F. No. 257: A bill for an act relating to state government; regulating markings on state vehicles; eliminating the requirement that certain reports



of occupational licensing boards be summarized; eliminating certain prohibitions against state purchase of insurance; regulating state sale of goods and services; regulating certain small business assistance programs; clarifying responsibility for the operation and maintenance of certain buildings; regulating government record keeping; prescribing compensation for certain board members; amending Minnesota Statutes 1988, sections 15.0575, subdivision 3; 15.16; 15.17, subdivision 1; 15.39, subdivision 1; 15A.081, subdivisions 1 and 7; 16A.85, subdivision 2; 16B.06, subdivision 4; 16B.19, subdivision 6; 16B.20, subdivision 2; 16B.22, subdivision 1; 16B.24, subdivisions 1, 5, and 6; 16B.405, subdivision 1; 16B.48; 16B.54, subdivision 2; 138.17, subdivision 1; 214.07, subdivision 2; 214.09, subdivision 3; 473.141, subdivision 3; and 600.135, subdivision 1; repealing Minnesota Statutes 1988, section 15.38.

House File No. 257 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 12, 1990

Mr. Moe, D.M. moved that H.F. No. 257 and the Conference Committee Report 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. 2304.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 12, 1990

### FIRST READING OF HOUSE BILLS

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

H.F. No. 2304: A bill for an act relating to state government; increasing the time limit for rental of state property; authorizing payment to tenants for capital improvements under certain circumstances; amending Minnesota Statutes 1988, section 16B.24, subdivision 5.

Referred to the Committee on Governmental Operations.

### 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. 1703: Messrs. Berg, Dicklich and Bernhagen.

S.F. No. 2317: Messrs. Dicklich, Marty and Johnson, D.E.

S.F. No. 188: Messrs. Freeman; Peterson, R.W. and Belanger.

S.F. No. 2181: Ms. Flynn, Messrs. Moe, D.M. and Decker.

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

### **MEMBERS EXCUSED**

Messrs. Chmielewski and Gustafson were excused from the Session of today. Mr. Schmitz was excused from the early part of today's Session. Ms. Olson was excused from the Session of today from 1:40 to 3:10 p.m. Messrs. McGowan and Solon were excused from the Session of today at 12:30 p.m.

### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Tuesday, April 17, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## NINETIETH DAY

St. Paul, Minnesota, Tuesday, April 17, 1990

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

### CALL OF THE SENATE

Mr. Kroening 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 members of the Senate gave the pledge of allegiance to the flag of the United States of America.

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

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

The President declared a quorum present.

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

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 12, 1990

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. 1727, 1848, 1927, 1971, 2046, 2072, 2079, 2119, 2360 and 2412.

Sincerely,  
Rudy Perpich, Governor

April 12, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
2360		423	1045 hours April 12	April 12
	2645	424	1047 hours April 12	April 12
1727		425	1048 hours April 12	April 12
2072		426	1049 hours April 12	April 12
	2350	427	1052 hours April 12	April 12
1971		428	1054 hours April 12	April 12
1848		429	1055 hours April 12	April 12
1927		430	1057 hours April 12	April 12
2119		431	1059 hours April 12	April 12
2046		436	1100 hours April 12	April 12
2079		437	1051 hours April 12	April 12
2412		450	1050 hours April 12	April 12

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 16, 1990

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. 1087, 1365, 1696, 1726, 1752, 1794, 1879, 1897, 1920, 1980, 1995, 2061, 2068, 2127, 2134, 2136, 2172, 2431, 2433 and 2489.

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. 1831, 2483, 2092, 2132, 2564, 1789, 2026, 2430, 2051, 2318, 2493 and 838.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

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. 2208: A bill for an act relating to crimes; providing that it is a prima facie case for reference for prosecution as an adult if a child is alleged to have committed a felony offense as part of, or subsequent to, the delinquent act of escape from confinement to a local juvenile correctional facility; making it a crime for an alleged or adjudicated juvenile delinquent who is 18 years old to escape from a local juvenile correctional facility; amending Minnesota Statutes 1988, sections 260.015, subdivision 5; and 609.485, subdivisions 2 and 4; and Minnesota Statutes 1989 Supplement, section 260.125, subdivision 3.

Senate File No. 2208 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

**CONCURRENCE AND REPASSAGE**

Ms. Flynn moved that the Senate concur in the amendments by the House to S.F. No. 2208 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2208 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	Dahl	Hughes	McQuaid	Pogemiller
Anderson	Davis	Johnson, D.E.	Mehrkens	Purfeerst
Beckman	Decker	Johnson, D.J.	Metzen	Ramstad
Belanger	DeCramer	Knaak	Moe, R.D.	Reichgott
Benson	Dicklich	Knutson	Morse	Renneke
Berg	Diessner	Kroening	Novak	Schmitz
Berglin	Flynn	Langseth	Olson	Solon
Bernhagen	Frank	Lantry	Pariseau	Spear
Bertram	Frederick	Larson	Pehler	Storm
Brandl	Frederickson, D.R.	Luther	Peterson, R.W.	Stumpf
Brataas	Freeman	Marty	Piepho	Vickerman
Cohen	Gustafson	McGowan	Piper	Waldorf

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. 1777: A bill for an act relating to Ramsey county; setting the terms of charter commission members; amending Minnesota Statutes 1988, section 383A.553, subdivision 1.

Senate File No. 1777 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

**CONCURRENCE AND REPASSAGE**

Mr. Cohen moved that the Senate concur in the amendments by the House to S.F. No. 1777 and that the bill be placed on its repassage as amended.

Mr. Knaak moved that the Senate do not concur in the amendments by the House to S.F. No. 1777, 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.

Mr. Cohen moved that S.F. No. 1777 be laid on the table. 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. 2349: A bill for an act relating to insurance; no-fault automobile; regulating uninsured and underinsured motorist coverages for motorcycles; amending Minnesota Statutes 1989 Supplement, section 65B.49, subdivision 3a.

Senate File No. 2349 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

Mr. Moe, R.D. moved that S.F. No. 2349 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. 1847: A bill for an act relating to human rights; amending the definition of age; clarifying medical information obtainable from prospective employees; clarifying protection for pregnant employees; prohibiting threats against home owners and renters; prohibiting discriminatory business practices; clarifying the meaning of business necessity and continuing violations; renumbering definitions; amending Minnesota Statutes 1988, sections 363.01, subdivision 28; 363.03, subdivisions 2, 8a, and by adding subdivisions; 363.06, subdivision 1, and by adding a subdivision; 363.071, by adding subdivisions; 363.116; Minnesota Statutes 1989 Supplement, sections 363.02, subdivision 1; and 363.03, subdivision 1.

Senate File No. 1847 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

Ms. Reichgott moved that the Senate do not concur in the amendments by the House to S.F. No. 1847, 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. 1698: A bill for an act relating to health; codifying existing law restricting construction of new hospitals; repealing a sunset; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Laws 1984, chapter 654, article 5, section 57, as amended.

Senate File No. 1698 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

### CONCURRENCE AND REPASSAGE

Ms. Berglin moved that the Senate concur in the amendments by the House to S.F. No. 1698 and that the bill be placed on its repassage as

amended. The motion prevailed.

S.F. No. 1698 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	Davis	Hughes	Mehrrens	Purfeerst
Anderson	Decker	Johnson, D.E.	Metzen	Ramstad
Beckman	DeCramer	Johnson, D.J.	Moe, D.M.	Reichgott
Belanger	Dicklich	Knaak	Moe, R.D.	Renneke
Benson	Diessner	Kroening	Morse	Samuelson
Berg	Flynn	Langseth	Novak	Schmitz
Berglin	Frank	Lantry	Olson	Solon
Bernhagen	Frederick	Larson	Pariseau	Spear
Bertram	Frederickson, D.J.	Luther	Pehler	Storm
Brandl	Frederickson, D.R.	Marty	Piepho	Stumpf
Brataas	Freeman	McGowan	Piper	Vickerman
Cohen	Gustafson	McQuaid	Pogemiller	Waldorf

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. 2619: A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

Senate File No. 2619 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

Mr. Moe, R.D. moved that S.F. No. 2619 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. 1725: A bill for an act relating to the environment; changing the fund balances required to impose the fee and the collection period of the fee; changing the terms for reimbursement of petroleum tank release costs by the petroleum tank release compensation board; providing certain tank facilities and refineries are ineligible for reimbursement; appropriating money reimbursed to state agencies; amending Minnesota Statutes 1988, sections 115C.02, by adding subdivisions; 115C.08, subdivision 2; Minnesota Statutes 1989 Supplement, sections 115C.08, subdivision 5; and 115C.09, subdivision 3, and by adding a subdivision.

Senate File No. 1725 is herewith returned to the Senate.



Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

### CONCURRENCE AND REPASSAGE

Mr. Novak moved that the Senate concur in the amendments by the House to S.F. No. 1725 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1725: A bill for an act relating to the environment; changing the fund balances required to impose the fee and the collection period of the fee; changing the terms for reimbursement of petroleum tank release costs by the petroleum tank release compensation board; providing certain tank facilities and refineries are ineligible for reimbursement; appropriating money reimbursed to state agencies; amending Minnesota Statutes 1988, sections 115C.02, by adding subdivisions; 115C.08, subdivision 2; Minnesota Statutes 1989 Supplement, sections 115C.08, subdivision 5; and 115C.09, subdivisions 1, 3, 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.J.	Moe, D.M.	Renneke
Anderson	DeCramer	Knaak	Moe, R.D.	Samuelson
Beckman	Dicklich	Knutson	Morse	Schmitz
Belanger	Diessner	Kroening	Novak	Solon
Benson	Flynn	Langseth	Olson	Spear
Berg	Frank	Lantry	Pariseau	Storm
Berglin	Frederick	Larson	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Luther	Piepho	Vickerman
Bertram	Frederickson, D.R.	Marty	Piper	Waldorf
Brandl	Freeman	McGowan	Pogemiller	
Brataas	Gustafson	McQuaid	Purfeerst	
Cohen	Hughes	Mehrkens	Ramstad	
Davis	Johnson, D.E.	Metzen	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. 1704: A bill for an act relating to natural resources; regulating aquiculture activities and programs; providing for the transportation of minnows by common carrier; regulating the commercial fishing of rough fish on the Lake of the Woods; authorizing conservation officers to seek issuance of and to serve search warrants; amending Minnesota Statutes 1988, sections 97A.155, by adding a subdivision; 97C.501, subdivision 1; and 97C.525, by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 17.49, subdivision 2, and by adding a subdivision; 626.05, subdivision 2; and 626.13; proposing coding for new law in Minnesota

Statutes, chapters 17 and 97C.

Senate File No. 1704 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

### CONCURRENCE AND REPASSAGE

Mr. Berg moved that the Senate concur in the amendments by the House to S.F. No. 1704 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1704 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	Decker	Johnson, D.E.	Mehrkens	Ramstad
Anderson	DeCramer	Johnson, D.J.	Metzen	Reichgott
Beckman	Dicklich	Knaak	Moe, R.D.	Renneke
Belanger	Diessner	Knutson	Morse	Samuelson
Benson	Flynn	Kroening	Novak	Schmitz
Berg	Frank	Langseth	Olson	Spear
Berglin	Frederick	Lantry	Pariseau	Storm
Bernhagen	Frederickson, D.J.	Larson	Peterson, R.W.	Stumpf
Bertram	Frederickson, D.R.	Luther	Piepho	Vickerman
Brataas	Freeman	Marty	Piper	Waldorf
Cohen	Gustafson	McGowan	Pogemiller	
Davis	Hughes	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. 1827: A bill for an act relating to civil actions; providing for immunity from liability for unpaid members of county agricultural society boards; addressing reduction of damages in an action under no-fault automobile insurance; preserving common law tort law claims against adults who knowingly provide alcoholic beverages to minors; increasing the amount of claims that may be settled without court approval under the municipal compromise of claims statute; changing the standard for awarding punitive damages; addressing when a principal may be held liable for punitive damages for an act of the principal's agent; requiring a separate trial to address punitive damages; requiring the court to review a punitive damages award; making the contributory negligence rule apply to damages resulting from economic loss; redefining fault; abolishing the doctrine of last clear chance; providing immunity from liability for volunteer ski patrollers; allowing recovery of attorney fees by good faith reporters under the child abuse

reporting act; repealing the limit on intangible loss damages and the requirement that a jury specify amounts for past, future, and intangible loss damages; amending Minnesota Statutes 1988, sections 38.013; 65B.51, subdivision 1; 340A.801, by adding a subdivision; 466.08; 541.051, subdivision 1; 548.36, subdivision 3; 549.20, subdivisions 1, 2, and by adding subdivisions; 604.01, subdivisions 1, 1a, and 3; 604.05, subdivision 2; 626.556, subdivision 4; repealing Minnesota Statutes 1988, sections 549.23 and 549.24.

Senate File No. 1827 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

Ms. Reichgott moved that the Senate do not concur in the amendments by the House to S.F. No. 1827, 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. 1940: A bill for an act relating to health; specifying requirements for a health maintenance organization application for a certificate; establishing protections against conflicts of interest; establishing requirements for a guaranteeing organization; including certain investments as admitted assets; requiring an expedited resolution of disputes about coverage of immediately and urgently needed service; allowing replacement coverage by other health maintenance organizations; allowing appointment of a special examiner; amending Minnesota Statutes 1988, sections 62D.02, subdivision 15; 62D.03, subdivision 4; 62D.04, subdivision 1; 62D.041, subdivision 2; 62D.044; 62D.08, subdivisions 1, 2, and 6; 62D.11, subdivisions 1a, 4, and by adding a subdivision; 62D.121, by adding a subdivision; 62D.17, subdivisions 1 and 4; 62D.18, subdivision 1; 62D.211; Minnesota Statutes 1989 Supplement, sections 62D.121, subdivision 3; 72A.491, by adding a subdivision; Laws 1988, chapter 434, section 24; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1988, sections 62D.12, subdivisions 14 and 16; 62D.18, subdivisions 2 to 5; and 62D.20, subdivision 2.

Senate File No. 1940 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

Mr. Brandl moved that S.F. No. 1940 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. 1874: A bill for an act relating to meetings of public bodies; government data practices; defining final disposition of a disciplinary action regarding personnel records; making clear that meetings may not be closed on the basis of data classification statutes; providing an exception to the open meeting law for preliminary discussions concerning allegations of misconduct against government employees or evaluations of government employees; amending Minnesota Statutes 1988, sections 13.43, subdivision 2; and 471.705, by adding subdivisions.

There has been appointed as such committee on the part of the House: Carruthers, Pugh and Blatz.

Senate File No. 1874 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

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. 1983: A bill for an act relating to liquor; authorizing the metropolitan airports commission to issue off-sale liquor licenses for the sale of Minnesota wine; amending Minnesota Statutes 1988, section 340A.405, by adding a subdivision.

There has been appointed as such committee on the part of the House: Omann, Boo and O'Connor.

Senate File No. 1983 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

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. 2108: A bill for an act relating to liquor; regulating the sale of liqueur-filled candy; authorizing municipalities to issue on-sale wine licenses to bed and breakfast facilities; authorizing removal of partially consumed wine bottles from licensed premises; authorizing additional licenses in the cities of Minneapolis, Brooklyn Center, and Duluth; authorizing the issuance of wine and nonintoxicating malt liquor licenses by the city of St. Paul to its parks and recreation division; authorizing the county board

of Anoka county to delegate liquor licensing authority to town boards within the county; authorizing the county board of Itasca county to issue an off-sale or combination license within three miles of an incorporated area; providing for the reporting of wine licenses to the commissioner of public safety; eliminating the requirement for a vote on municipal liquor store continuance upon population change; amending Minnesota Statutes 1988, sections 31.121; 340A.101, subdivision 10; 340A.404, subdivisions 3, 5, and by adding a subdivision; 340A.504, subdivision 1; 340A.601, subdivision 2; Minnesota Statutes 1989 Supplement, sections 340A.404, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 340A.

There has been appointed as such committee on the part of the House: Jacobs, O'Connor and Carlson, D.

Senate File No. 2108 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

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. 1999: A bill for an act relating to agriculture; changing certain duties, procedures, and requirements related to organic food; amending Minnesota Statutes 1988, sections 31.92, by adding subdivisions; 31.94; and 31.95.

There has been appointed as such committee on the part of the House: Ogren, Winter and Omann.

Senate File No. 1999 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

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. 1807: A bill for an act relating to local government; permitting the issuance of obligations by the Hennepin county board for a public safety building; permitting Rosemount to incur debt for an armory; requiring a planning process and public hearing.

There has been appointed as such committee on the part of the House: Schreiber, McLaughlin and Olsen, S.

Senate File No. 1807 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

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. 1854: A bill for an act relating to government data practices; establishing procedures for computerized comparisons of data; requiring matching agreements; providing for contesting of data; requiring reviews and reports; imposing penalties; proposing coding for new law as Minnesota Statutes, chapter 13B.

There has been appointed as such committee on the part of the House: Pugh, Kelly and Blatz.

Senate File No. 1854 herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

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. 2156: A bill for an act relating to local government; allowing municipalities to enter into certain contracts to reduce energy and operating costs; amending Minnesota Statutes 1988, section 471.345, by adding a subdivision; repealing Minnesota Statutes 1988, section 471.345, subdivision 9.

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

Senate File No. 2156 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

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. 2173: A bill for an act relating to the environment; providing assistance to eligible recipients on methods to prevent toxic pollution; providing financial assistance to research and demonstrate alternative means to prevent toxic pollution; requiring facilities to develop plans to prevent toxic pollution; providing for chlorofluorocarbon reduction; requiring an air pollution study; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 116 and 325E; proposing coding for new law as Minnesota Statutes, chapter 115D.

There has been appointed as such committee on the part of the House: Munger, Pauly and Price.

Senate File No. 2173 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

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. 2213: A bill for an act relating to traffic regulations; regulating wheel flaps and covered loads; imposing a penalty; amending Minnesota Statutes 1988, sections 169.733; and 169.81, subdivision 5, and by adding a subdivision.

There has been appointed as such committee on the part of the House: Olson, K.; Carlson, D. and Jennings.

Senate File No. 2213 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1990

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1855:

H.F. No. 1855: A bill for an act relating to family law; modifying dissolution statistical report requirements; regulating child custody and visitation in dissolution and other proceedings; modifying standards for joint legal custody; providing for the award of temporary attorney fees; providing standards for visitation and custody rights when a parent has been convicted of certain crimes; providing funding for legal representation in family law matters; amending Minnesota Statutes 1988, sections 144.224; 257.025; 257.541, subdivision 2; 518.003, subdivision 3, and by adding a subdivision; 518.131, subdivisions 1 and 7; 518.14; 518.156; 518.167, subdivision 2; 518.175, by adding a subdivision; 518.551, subdivision 5; and

518.619; Minnesota Statutes 1989 Supplement, sections 518.17, subdivision 2; 518.175, subdivisions 1 and 5; and 518.64, subdivision 2; proposing coding for new law in chapter 518.

The House respectfully requests that a conference committee of 5 members be appointed thereon.

Kelly, Vellenga, Macklin, Blatz and Janezich have been appointed as such committee on the part of the House.

House File No. 1855 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, 1990

Mr. Spear moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1855, 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 has adopted the recommendation and report of the Conference Committee on House File No. 1927, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1927 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 12, 1990

#### **CONFERENCE COMMITTEE REPORT ON H.F. NO. 1927**

A bill for an act relating to traffic regulations; regulating approaches of vehicles to certain intersections; amending Minnesota Statutes 1988, section 169.20, subdivision 1.

April 11, 1990

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. 1927, 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. 1927 be further amended as follows:

Delete everything after the enacting clause and insert:



“Section 1. Minnesota Statutes 1989 Supplement, section 169.041, subdivision 4, is amended to read:

Subd. 4. [TOWING ALLOWED.] A towing authority may tow a motor vehicle without regard to the four-hour waiting period if:

- (1) the vehicle is parked in violation of snow emergency regulations;
- (2) the vehicle is parked in a rush-hour restricted parking area;
- (3) the vehicle is blocking a driveway, alley, or fire hydrant;
- (4) the vehicle is parked in a bus lane where parking is prohibited;
- (5) the vehicle is parked within 30 feet of a stop sign and visually blocking the stop sign;
- (6) the vehicle is parked in a handicap transfer zone or handicapped parking space without a handicapped parking certificate or handicapped license plates;
- (7) the vehicle is parked in an area that has been posted for temporary restricted parking at least 24 hours in advance;
- (8) the vehicle is parked within the right-of-way of a controlled access highway or within the traveled portion of a public street when travel is allowed there;
- (9) the vehicle is unlawfully parked in a zone that is restricted by posted signs to use by fire, police, public safety, or emergency vehicles;
- (10) the vehicle is unlawfully parked on property at the Minneapolis-St. Paul International Airport owned by the metropolitan airports commission;
- (11) a law enforcement official has probable cause to believe that the vehicle is stolen, or that the vehicle constitutes or contains evidence of a crime and impoundment is reasonably necessary to obtain or preserve the evidence;
- (12) the driver, operator, or person in physical control of the vehicle is taken into custody and the vehicle is impounded for safekeeping; or
- (13) a law enforcement official has probable cause to believe that the owner, operator, or person in physical control of the vehicle has failed to respond to five or more citations for parking or traffic offenses; or
- (14) *the vehicle is unlawfully parked in a zone that is restricted by posted signs to use by taxicabs.*

Sec. 2. Minnesota Statutes 1988, section 169.20, subdivision 1, is amended to read:

Subdivision 1. [APPROACHING UNCONTROLLED INTERSECTION.] When two vehicles enter an uncontrolled intersection from different highways at approximately the same time the driver of the vehicle on the left shall yield the right-of-way to the vehicle on the right.

*When two vehicles enter an intersection controlled by stop signs or by blinking red traffic signals requiring drivers or vehicles from any direction to stop before proceeding, the driver of the vehicle on the left shall yield the right-of-way to the vehicle on the right.*

At an uncontrolled approach to a T-shaped intersection, the driver required to turn shall yield to the cross traffic.

The driver of any vehicle traveling at an unlawful speed shall forfeit any right-of-way which the driver might otherwise have hereunder.

The foregoing rules are modified as hereinafter stated in this section."

Delete the title and insert:

"A bill for an act relating to traffic regulations; allowing immediate towing of vehicles unlawfully parked in taxicab zones; regulating approaches of vehicles to certain intersections; amending Minnesota Statutes 1988, section 169.20, subdivision 1; Minnesota Statutes 1989 Supplement, section 169.041, subdivision 4."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Paul Anders Ogren, Chuck Brown, Sylvester Uphus

Senate Conferees: (Signed) Florian Chmielewski, Earl W. Renneke, Allan H. Spear

Mr. Spear, for Mr. Chmielewski, moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1927 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. 1927 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:

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

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

**MOTIONS AND RESOLUTIONS**

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

Senate Resolution No. 184: A Senate resolution congratulating Marvin D. Olson of Willmar, Minnesota, on his retirement.

Referred to the Committee on Rules and Administration.

Mr. Johnson, D.E. introduced—

Senate Resolution No. 185: A Senate resolution congratulating Chad Carlson of Willmar, Minnesota, for being named Minnesota Wrestler of the Year.

Referred to the Committee on Rules and Administration.

Mr. Samuelson moved that S.F. No. 2349 be taken from the table. The motion prevailed.

S.F. No. 2349: A bill for an act relating to insurance; no-fault automobile; regulating uninsured and underinsured motorist coverages for motorcycles; amending Minnesota Statutes 1989 Supplement, section 65B.49, subdivision 3a.

### CONCURRENCE AND REPASSAGE

Mr. Samuelson moved that the Senate concur in the amendments by the House to S.F. No. 2349 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2349 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	Decker	Johnson, D.J.	Metzen	Reichgott
Anderson	DeCramer	Knaak	Moe, D.M.	Renneke
Beckman	Dicklich	Knutson	Moe, R.D.	Samuelson
Belanger	Diessner	Kroening	Morse	Schmitz
Benson	Flynn	Langseth	Novak	Spear
Berg	Frank	Lantry	Olson	Storm
Berglin	Frederick	Larson	Pariseau	Stumpf
Bernhagen	Frederickson, D.J.	Luther	Peterson, R.W.	Vickerman
Bertram	Freeman	Marty	Piepho	Waldorf
Brataas	Gustafson	McGowan	Piper	
Cohen	Hughes	McQuaid	Purfeerst	
Davis	Johnson, D.E.	Mehrkens	Ramstad	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Langseth moved that H.F. No. 2057 be taken from the table. The motion prevailed.

H.F. No. 2057: A bill for an act relating to the city of Detroit Lakes; authorizing the establishment of a detached banking facility under certain conditions.

### SUSPENSION OF RULES

Mr. Langseth 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. 2057 and that the rules of the Senate be so far suspended as to give H.F. No. 2057 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2057 was read the second time.

H.F. No. 2057 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.E.	Mehrkens	Purfeerst
Anderson	DeCramer	Johnson, D.J.	Metzen	Ramstad
Beckman	Dicklich	Knaak	Moe, D.M.	Reichgott
Belanger	Diessner	Knutson	Moe, R.D.	Renneke
Benson	Flynn	Kroening	Morse	Schmitz
Berg	Frank	Langseth	Novak	Spear
Berglin	Frederick	Lantry	Olson	Storm
Bernhagen	Frederickson, D.J.	Larson	Pariseau	Stumpf
Bertram	Frederickson, D.R.	Luther	Peterson, R.W.	Vickerman
Brataas	Freeman	Marty	Piepho	Waldorf
Cohen	Gustafson	McGowan	Piper	
Davis	Hughes	McQuaid	Pogemiller	

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 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. Johnson, D.E. introduced—

S.F. No. 2636: A resolution memorializing the President and Congress of the United States to enact legislation that encourages the introduction of competition into the cable television market.

Referred to the Committee on Public Utilities and Energy.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Benson moved that the Senate do now adjourn until Friday, April 20, 1990. The motion did not prevail.

S.F. No. 488 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 488**

A bill for an act relating to public employment; defining equitable compensation relationships; requiring an implementation report; providing for review of plans; providing for appeals from decisions of the commissioner of employee relations; requiring the commissioner to report to the legislature; amending Minnesota Statutes 1988, sections 471.991, subdivision 5; 471.992, subdivisions 1, 2, and by adding a subdivision; 471.994; 471.998, by adding a subdivision; 471.9981, subdivision 6, and by adding subdivisions; and 471.999; Minnesota Statutes 1989 Supplement, section 485.018, subdivision 7; repealing Minnesota Statutes 1988, sections 471.992, subdivision 3; 471.995; 471.996; 471.9975; and 471.9981, subdivisions 2

to 5.

April 11, 1990

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. 488, 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. 488 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 471.991, subdivision 5, is amended to read:

Subd. 5. [EQUITABLE COMPENSATION RELATIONSHIP] “Equitable compensation relationship” means that a ~~primary consideration in negotiating, establishing, recommending, and approving~~ total the compensation for female-dominated classes is not consistently below the compensation for male-dominated classes of comparable work value in relationship to ~~other employee positions~~, as determined under section 471.994, within the political subdivision.

Sec. 2. Minnesota Statutes 1988, section 471.992, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] Subject to sections 179A.01 to 179A.25 and sections 177.41 to 177.44 but notwithstanding any other law to the contrary, every political subdivision of this state shall establish equitable compensation relationships between female-dominated, male-dominated, and balanced classes of employees in order to eliminate sex-based wage disparities in public employment in this state. A primary consideration in negotiating, establishing, recommending, and approving compensation is comparable work value in relationship to other employee positions within the political subdivision. This law may not be construed to limit the ability of the parties to collectively bargain in good faith.

Sec. 3. Minnesota Statutes 1988, section 471.992, subdivision 2, is amended to read:

Subd. 2. [ARBITRATION.] In all interest arbitration involving a class other than a balanced class held pursuant to under sections 179A.01 to 179A.25, the arbitrator shall consider the equitable compensation relationship standards established in this section, and the standards established under section 471.993, together with other standards appropriate to interest arbitration. The arbitrator shall consider both the results of a job evaluation study and any employee objections to the study. In interest arbitration for a balanced class, the arbitrator may consider the standards established under this section and the results of, and any employee objections to, a job evaluation study, but shall also consider similar or like classifications in other political subdivisions.

Sec. 4. Minnesota Statutes 1988, section 471.992, is amended by adding

a subdivision to read:

*Subd. 4. [COLLECTIVE BARGAINING.] In collective bargaining for a balanced class, the parties may consider the equitable compensation relationship standards established by this section and the results of a job evaluation study, but shall also consider similar or like classifications in other political subdivisions.*

Sec. 5. Minnesota Statutes 1988, section 471.994, is amended to read:  
471.994 [JOB EVALUATION SYSTEM.]

Every political subdivision shall use a job evaluation system in order to determine the comparable work value of the work performed by each class of its employees. The system must be maintained and updated to account for new employee classes and any changes in factors affecting the comparable work value of existing classes. A political subdivision that substantially modifies its job evaluation system or adopts a new system shall notify the commissioner. The political subdivision may use the system of some other public employer in the state. Each political subdivision shall meet and confer with the exclusive representatives of their employees on the development or selection of a job evaluation system.

Sec. 6. Minnesota Statutes 1988, section 471.998, is amended by adding a subdivision to read:

*Subd. 3. [PUBLIC DATA.] The report required by subdivision 1 is public data governed by chapter 13.*

Sec. 7. Minnesota Statutes 1988, section 471.9981, is amended by adding a subdivision to read:

*Subd. 5a. [IMPLEMENTATION REPORT.] By January 31, 1992, each political subdivision shall submit to the commissioner an implementation report that includes the following information as of December 31, 1991:*

*(1) a list of all job classes in the political subdivision;*

*(2) the number of employees in each class;*

*(3) the number of female employees in each class;*

*(4) an identification of each class as male-dominated, female-dominated, or balanced as defined in section 471.991;*

*(5) the comparable work value of each class as determined by the job evaluation used by the subdivision in accordance with section 471.994;*

*(6) the minimum and maximum salary for each class, if salary ranges have been established, and the amount of time in employment required to qualify for the maximum;*

*(7) any additional cash compensation, such as bonuses or lump-sum payments, paid to the members of a class; and*

*(8) any other information requested by the commissioner.*

*If a subdivision fails to submit a report, the commissioner shall find the subdivision not in compliance with subdivision 6 and shall impose the penalty prescribed by that subdivision.*

Sec. 8. Minnesota Statutes 1988, section 471.9981, is amended by adding a subdivision to read:

*Subd. 5b. [PUBLIC DATA.] The implementation report required by subdivision 5a is public data governed by chapter 13.*

Sec. 9. Minnesota Statutes 1988, section 471.9981, subdivision 6, is amended to read:

Subd. 6. [PENALTY FOR FAILURE TO IMPLEMENT PLAN.] If (a) The commissioner of employee relations finds, after notice and consultation with a subdivision, that it has failed to implement its plan for implementing to determine whether the subdivision has established equitable compensation relationships as required by section 471.992, subdivision 1, by December 31, 1991, or the later date approved by the commissioner. The commissioner shall notify a subdivision found to have achieved compliance with section 471.992, subdivision 1.

(b) If the commissioner finds that the subdivision is not in compliance based on the information contained in the implementation report required by section 7, the commissioner shall notify the subdivision of the basis for the finding. The notice must include a detailed description of the basis for the finding, specific recommended actions to achieve compliance, and an estimated cost of compliance. If the subdivision disagrees with the finding, it shall notify the commissioner, who shall provide a specified time period in which to submit additional evidence in support of its claim that it is in compliance. The commissioner shall consider at least the following additional information in reconsidering whether the subdivision is in compliance:

(1) recruitment difficulties;

(2) retention difficulties;

(3) recent arbitration awards that are inconsistent with equitable compensation relationships; and

(4) information that can demonstrate a good-faith effort to achieve compliance and continued progress toward compliance, including any constraints the subdivision faces.

The subdivision shall also present a plan for achieving compliance and a date for additional review by the commissioner.

(c) If the subdivision does not make the changes to achieve compliance within a reasonable time set by the commissioner, the commissioner shall notify the subdivision and the commissioner of revenue that the subdivision is subject to a five percent reduction in the aid that would otherwise be payable to that governmental subdivision under section 124A.23, 273.1398, or sections 477A.011 to 477A.014, or to a fine of \$100 a day, whichever is greatest. The commissioner of revenue shall enforce the penalty beginning in calendar year 1992 shall be reduced by five percent; provided that the reduction in aid shall apply to or in 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. However, the commissioner of revenue may not enforce a penalty until after the end of the first regular legislative session after a report listing the subdivision as not in compliance has been submitted to the legislature under section 471.999. The penalty remains in effect until the subdivision achieves compliance. The commissioner of employee relations may waive suspend 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, or that noncompliance results from factors unrelated to the sex of the members dominating the affected classes and that the subdivision is taking substantial steps to achieve compliance to the extent possible.

Sec. 10. Minnesota Statutes 1988, section 471.9981, is amended by adding a subdivision to read:

*Subd. 7. [APPEAL.] A governmental subdivision may appeal the imposition of a penalty under subdivision 6 by filing a notice of appeal with the commissioner of employee relations within 30 days of the commissioner's notification to the subdivision of the penalty. An appeal must be heard as a contested case under sections 14.57 to 14.62. No penalty may be imposed while an appeal is pending.*

Sec. 11. Minnesota Statutes 1988, section 471.999, is amended to read:  
471.999 [REPORT TO LEGISLATURE.]

The commissioner of employee relations shall report to the legislature by January 1, 1986 on the information gathered from political subdivisions of each year on the status of compliance with section 471.992, subdivision 1, by governmental subdivisions.

*The report must include a list of the political subdivisions in compliance with section 471.992, subdivision 1, and the estimated cost of compliance. The report must also include a list of political subdivisions found by the commissioner to be not in compliance, the basis for that finding, recommended changes to achieve compliance, estimated cost of compliance, and recommended penalties, if any. The commissioner's report shall must include a list of political subdivisions which that did not comply with the reporting requirements of this section. The commissioner may request, and a subdivision shall provide, any additional information needed for the preparation of a report under this subdivision.*

Sec. 12. Minnesota Statutes 1989 Supplement, section 485.018, subdivision 7, is amended to read:

*Subd. 7. [APPEAL FROM RESOLUTION OF THE BOARD.] The court administrator of district court, if dissatisfied with the action of the county board in setting the amount of the court administrator's salary or the amount of the budget for the office of court administrator of district court, may appeal to the district court on the grounds that the determination of the county board in setting such the salary or budget was arbitrary, capricious, oppressive, or without sufficiently taking into account the extent of the responsibilities and duties of said the court administrator's office, and the court administrator's experience, qualifications, and performance. The appeal shall must be taken within 15 days after the date of the resolution setting such the salary or budget by serving a notice of appeal on the county auditor and filing same a copy with the court administrator of the district court. The court, either in term or vacation and upon ten days days' notice to the chair of the board, shall hear such the appeal. On the hearing of the appeal, the court shall review the decision or resolution of the board in a hearing de novo and may hear new or additional evidence, or the court may order the officer appealing and the board to submit briefs or other memoranda and may dispose of the appeal on such those writings. If the court shall find finds that the board acted in an arbitrary, capricious, oppressive, or unreasonable manner, or without sufficiently taking into account the*



responsibilities and duties of the office of the court administrator, and the court administrator's experience, qualifications, and performance, it shall make ~~such~~ an order to take the place of the order appealed from as is justified by the record and shall remand the matter to the county board for further action consistent with the court's findings. *It is prima facie evidence that the board did not act in an arbitrary, capricious, oppressive, or unreasonable manner or without taking into account the responsibilities and duties of the office of the court administrator, and the court administrator's experience, qualifications, and performance, if the board's action was in accordance with a job evaluation system under section 471.994.* After determination of the appeal the county board shall proceed in conformity ~~therewith~~ with the court's order. This subdivision is not in effect from July 1, 1989, to July 1, 1991, with respect to the amount of the budget of the office of court administrator of district court.

Sec. 13. [REPEALER.]

*Minnesota Statutes 1988, sections 471.992, subdivision 3; 471.996; and 471.9981, subdivisions 2, 3, 4, and 5, are repealed."*

Delete the title and insert:

"A bill for an act relating to public employment; defining equitable compensation relationships; requiring an implementation report; providing for review of plans; providing for appeals from decisions of the commissioner of employee relations; requiring the commissioner to report to the legislature; amending Minnesota Statutes 1988, sections 471.991, subdivision 5; 471.992, subdivisions 1, 2, and by adding a subdivision; 471.994; 471.998, by adding a subdivision; 471.9981, subdivision 6, and by adding subdivisions; and 471.999; Minnesota Statutes 1989 Supplement, section 485.018, subdivision 7; repealing Minnesota Statutes 1988, sections 471.992, subdivision 3; 471.996; and 471.9981, subdivisions 2 to 5."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Linda Berglin, Michael O. Freeman, John J. Marty

House Conferees: (Signed) Wayne Simoneau, Mary Jo McGuire, Connie Morrison

Ms. Berglin moved that the foregoing recommendations and Conference Committee Report on S.F. No. 488 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. 488 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Hughes	McGowan	Piepho
Anderson	Decker	Johnson, D.E.	McQuaid	Piper
Beckman	DeCramer	Johnson, D.J.	Mehrkens	Ramstad
Belanger	Diessner	Knaak	Metzen	Reichgott
Benson	Flynn	Knutson	Moe, D.M.	Renneke
Berg	Frank	Kroening	Moe, R.D.	Schmitz
Berglin	Frederick	Langseth	Morse	Spear
Bernhagen	Frederickson, D.J.	Lantry	Novak	Storm
Brandl	Frederickson, D.R.	Larson	Olson	Stumpf
Brataas	Freeman	Luther	Pariseau	Vickerman
Cohen	Gustafson	Marty	Pehler	Waldorf

Mr. Bertram voted in the negative.

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. 1827: Ms. Reichgott, Messrs. Cohen and Laidig.

H.F. No. 1855: Mr. Spear, Ms. Berglin, Mr. Brandl, Ms. Reichgott and Mr. Knaak.

S.F. No. 1946: Messrs. Berg, Anderson and Brandl.

S.F. No. 1847: Ms. Reichgott, Messrs. Cohen and Laidig.

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 2130 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 2130**

A bill for an act relating to insurance; regulating the practices and record keeping of, and disclosures by, public adjusters; amending Minnesota Statutes 1988, section 72B.135, by adding subdivisions.

April 11, 1990

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. 2130, 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. 2130 be further amended as follows:

Page 1, line 17, delete "*solicit a*" and insert "*initiate contact with a prospective*"

Page 2, line 2, after the first "*a*" insert "*willful or knowing*"

Page 2, line 4, after "*make*" insert "*willful or knowing*"

Page 2, line 25, delete everything after the first "*adjuster*" and insert "*The public adjuster shall disclose in writing to the client the fee charged by the public adjuster.*"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Richard J. Cohen, Mel Frederick

House Conferees: (Signed) Wes Skoglund, Jerry Knickerbocker, Ted Winter

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2130 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. 2130 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.	Moe, D.M.	Renneke
Anderson	Decker	Knaak	Moe, R.D.	Samuelson
Beckman	DeCramer	Knutson	Morse	Schmitz
Belanger	Diessner	Langseth	Novak	Spear
Benson	Flynn	Lantry	Olson	Storm
Berg	Frank	Larson	Pariseau	Stumpf
Berglin	Frederick	Luther	Pehler	Vickerman
Bernhagen	Frederickson, D.J.	Marty	Peterson, R.W.	Waldorf
Bertram	Freeman	McGowan	Piepho	
Brandl	Gustafson	McQuaid	Piper	
Brataas	Hughes	Mehrkens	Ramstad	
Cohen	Johnson, D.E.	Metzen	Reichgott	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Cohen moved that S.F. No. 1777 be taken from the table. The motion prevailed.

S.F. No. 1777: A bill for an act relating to Ramsey county; setting the terms of charter commission members; amending Minnesota Statutes 1988, section 383A.553, subdivision 1.

Mr. Cohen moved that the Senate do not concur in the amendments by the House to S.F. No. 1777, 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. Moe, D.M. moved that H.F. No. 257 and the Conference Committee Report thereon be taken from the table. The motion prevailed.

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 257

A bill for an act relating to state government; regulating markings on state vehicles; eliminating the requirement that certain reports of occupational licensing boards be summarized; eliminating certain prohibitions against state purchase of insurance; regulating state sale of goods and services; regulating certain small business assistance programs; clarifying responsibility for the operation and maintenance of certain buildings; regulating government record keeping; prescribing compensation for certain board members; amending Minnesota Statutes 1988, sections 15.0575, subdivision 3; 15.16; 15.17, subdivision 1; 15.39, subdivision 1; 15A.081, subdivisions 1 and 7; 16A.85, subdivision 2; 16B.06, subdivision 4; 16B.19, subdivision 6; 16B.20, subdivision 2; 16B.22, subdivision 1; 16B.24, subdivisions 1, 5, and 6; 16B.405, subdivision 1; 16B.48; 16B.54, subdivision 2; 138.17, subdivision 1; 214.07, subdivision 2; 214.09, subdivision 3; 473.141, subdivision 3; and 600.135, subdivision 1; repealing Minnesota Statutes 1988, section 15.38.

April 4, 1990

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:

#### "ARTICLE 1

Section 1. Minnesota Statutes 1988, section 175A.01, is amended to read:

##### 175A.01 [CREATION.]

Subdivision 1. [~~ESTABLISHMENT; MEMBERSHIP; APPOINTMENT; QUALIFICATIONS.~~] The workers' compensation court of appeals as previously constituted is reconstituted as an independent agency in the executive branch.

The ~~workers' compensation court of appeals~~ shall consist of five judges, each serving in the unclassified service. ~~The five judges shall be learned in the law.~~

*Subd. 2.* [APPOINTMENT; TERMS; LIMITATION.] Each judge of the workers' compensation court of appeals shall be appointed by the governor, by and with the advice and consent of the senate, for a term of six years commencing at the expiration of the preceding term. Any vacancy shall

be filled by the governor for the unexpired term, subject to confirmation by the senate. The terms of the judges shall expire on the first Monday in January of the year in which they expire. The terms of the judges shall be staggered. ~~The judges of the workers' compensation court of appeals as now created shall be the judges of the workers' compensation court of appeals until the expiration of the terms for which they have been appointed and qualified. They shall be selected on the basis of their experience with and knowledge of workers' compensation and the workers' compensation laws of Minnesota-~~

*Subd. 3. [QUALIFICATIONS.] To qualify for appointment to the court, a candidate shall be learned in the law, have been licensed to practice law for at least five years, and have experience with and knowledge of workers' compensation and the workers' compensation laws of Minnesota.*

*Subd. 4. [STANDARDS OF CONDUCT.] The judges of the workers' compensation court of appeals shall be subject to the provisions of the Minnesota Constitution, article VI, section 6, the jurisdiction of the commission on judicial standards, as provided in sections 490.15 and 490.16, and the provisions of the code of judicial conduct.*

*Subd. 5. [JURISDICTION.] The workers' compensation court of appeals shall have statewide jurisdiction. Except for an appeal to the supreme court or any other appeal allowed under this subdivision, the workers' compensation court of appeals shall be the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the workers' compensation laws of the state in those cases that have been appealed to the workers' compensation court of appeals and in any case that has been transferred by the district court to the workers' compensation court of appeals. The workers' compensation court of appeals shall have no jurisdiction in any case that does not arise under the workers' compensation laws of the state or in any criminal case, provided that the workers' compensation court of appeals shall exercise appellate jurisdiction under the laws governing employees of the state, a county, or other governmental subdivision who contract tuberculosis and under chapter 352E.*

*Subd. 6. [OATH.] Each judge of the workers' compensation court of appeals before entering upon the duties of office, shall take the oath prescribed by law.*

Sec. 2. Minnesota Statutes 1988, section 175A.02, is amended to read:  
175A.02 [ADMINISTRATIVE OFFICERS.]

*Subdivision 1. [WCCA; CHIEF JUDGE.] The judges of the workers' compensation court of appeals governor shall choose designate a chief judge from among their number the judges. The chief judge shall appoint one of the judges to serve as the administrator, who shall be have overall responsibility for administration of the court, including acting as custodian of the court's files and records and shall coordinate and make coordinator of hearing assignments. The chief judge who is appointed the administrator may delegate the duties of administrator to an employee chosen to be the appoint an assistant administrator to assist the judge in the performance of administrative duties. The chief judge shall also have responsibility for oversight of other judges and court personnel with respect to timely performance of duties in a professional manner.*

*Subd. 2. [DISTRICT COURTS.] The court administrator of district court in each county shall be the court administrator of the workers' compensation*

court of appeals in that county. Filing fees and library fees deposited with the court administrator of district court in the capacity as clerk of the workers' compensation court of appeals and in cases originally commenced in district court and transferred to the workers' compensation court of appeals shall be retained by the court administrator of district court. The workers' compensation court of appeals court administrator in each county shall be subject to the supervision of the ~~administrator~~ *chief judge appointed under subdivision 1* in workers' compensation court of appeals matters.

Sec. 3. Minnesota Statutes 1988, section 175A.05, is amended to read:  
175A.05 [QUORUM.]

A majority of the judges of the workers' compensation court of appeals shall constitute a quorum for the exercise of the powers conferred and the duties imposed on the workers' compensation court of appeals except that all appeals shall be heard by no more than a *panel* of three of the five judges unless the ~~appeal case~~ *appealed* is determined to be of exceptional importance by the *chief judge prior to assignment of the case to a panel, or by a four-fifths three-fifths* vote of the judges *prior to assignment of the case to a panel or after the case has been considered by the panel but prior to the service and filing of the decision.* A vacancy shall not impair the ability of the remaining judges of the workers' compensation court of appeals to exercise all the powers and perform all of the duties of the workers' compensation court of appeals.

Sec. 4. Minnesota Statutes 1988, section 175A.07, subdivision 2, is amended to read:

Subd. 2. [PERSONNEL.] ~~The judges~~ *chief judge* of the workers' compensation court of appeals shall appoint in the manner provided by law all personnel required by the workers' compensation court of appeals; *except that, each judge shall appoint the judge's own law clerks.* The law clerks are in the unclassified service. The commissioner of administration shall provide the court with necessary additional staff and administrative services, and the court shall reimburse the commissioner for the cost of these services.

Sec. 5. [EFFECTIVE DATE.]

*Sections 1 to 4 are effective July 1, 1990.*

## ARTICLE 2

Section 1. Minnesota Statutes 1989 Supplement, section 15.0575, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION.] Members of the boards must be compensated at the rate of ~~\$48 per~~ *\$55 a* day spent on board activities, when authorized by the board, plus expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Members who, as a result of time spent attending board meetings, incur child care expenses that would not otherwise have been incurred, may be reimbursed for those expenses upon board authorization. Members who are full-time state employees or full-time employees of the political subdivisions of the state may not receive the ~~\$48 per day~~ *daily payment*, but they may suffer no loss in compensation or benefits from the state or a political subdivision as a result of their service on the board. 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

subdivision 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.

Sec. 2. Minnesota Statutes 1989 Supplement, section 15.059, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION.] Members of the advisory councils and committees ~~shall~~ *must* be compensated at the rate of at least \$35 per \$55 a 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 ~~under~~ section 43A.18, subdivision 2. ~~The state agency that provides funding for the advisory council or committee may authorize compensation of up to \$48 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 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 daily compensation from the employee's compensation for the day. In no other case ~~shall~~ *may* 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.

Sec. 3. Minnesota Statutes 1988, section 15.16, is amended to read:

#### 15.16 [TRANSFER OF LANDS BETWEEN DEPARTMENTS.]

Subdivision 1. [AGREEMENT.] ~~In order~~ To facilitate the transfer of the control of state owned lands between state departments *and agencies* of government and *to avoid the necessity of condemning state lands by a department or agency of government of the state, any a department or agency of the state government of the State of Minnesota may acquire the control of state lands for public purposes from the department or agency of state government having such those lands under its control and supervision, upon such terms and conditions as may be that are mutually agreed upon by the heads of the interested state departments or agencies.*

Subd. 2. [EXECUTIVE COUNCIL TO DETERMINE TERMS.] ~~In the event~~ *If the heads of such the departments or agencies acting under subdivision 1 are unable to agree as to on the terms and conditions of a transfer of control of these state lands, the executive council, upon application of a state department or agency having the power to acquire lands for public purposes, shall determine the terms and conditions and may order the transfer of the control of state lands to the department so or agency requesting the transfer.*

Subd. 3. [COMMISSIONER OF FINANCE AND TREASURER TO

TRANSFER FUNDS.] The commissioner of finance and the state treasurer are ~~hereby~~ authorized and directed to transfer funds between state departments and agencies to effect the terms and conditions to transfer the control of real estate as ~~hereinbefore~~ provided in this section.

Subd. 4. [ATTORNEY GENERAL TO PRESCRIBE FORM OF TRANSFER.] The transfer of control of real estate as ~~hereinbefore~~ provided shall under this section must be made on ~~such~~ transfer documents as prescribed by the attorney general shall prescribe, and all ~~such~~ the transfer documents shall must be permanently filed in the office of the commissioner of finance.

Subd. 5. [OBTAINING RECOMMENDATION.] No control of state-owned lands shall may be transferred between state departments or agencies without the departments or agencies first consulting the chairs of the senate finance committee and house of representatives appropriations committee and obtaining their recommendations. The recommendations shall be are advisory only. Failure to obtain a prompt recommendation shall be is deemed a negative recommendation.

Sec. 4. Minnesota Statutes 1988, section 15.17, subdivision 1, is amended to read:

Subdivision 1. [MUST BE KEPT.] All officers and agencies of the state, counties, cities, towns, school districts, municipal subdivisions or corporations, or other public authorities or political entities within the state, hereinafter "public officer," shall make and preserve all records necessary to a full and accurate knowledge of their official activities. All government records shall be made on a physical medium of a quality to insure permanent records. Every public officer, is empowered to reproduce records if the records are not deemed to be of permanent or archival value by the commissioner of administration and the records disposition panel under section 138.17. The public officer is empowered to reproduce these records by any photographic, photostatic, microphotographic, or optical disk imaging system, microfilming means which produces copies meeting, or other reproduction method that clearly and accurately reproduces the records. If a record is deemed to be of permanent or archival value, any reproduction of the record must meet archival standards specified by the Minnesota historical society and which clearly and accurately reproduces the records. Each public officer may order that those photographs, photostats, microphotographs, microfilms, optical disk images, or other reproductions, be substituted for the originals of them. The public officer may direct the destruction or sale for salvage or other disposition of the originals from which they were made, in accordance with the disposition requirements of section 138.17. Photographs, photostats, microphotographs, microfilms, optical disk images, or other reproductions shall are for all purposes be deemed the original recording of the papers, books, documents, and records reproduced when so ordered by any public officer and shall be are admissible as evidence in all courts and proceedings of every kind. A facsimile or exemplified or certified copy of a photograph, photostat, microphotograph, microfilm, optical disk image, or other reproduction, or an enlargement or reduction of it, shall have has the same effect and weight as evidence as would a certified or exemplified copy of the original.

Sec. 5. Minnesota Statutes 1988, section 15.38, is amended by adding a subdivision to read:

Subd. 8. [AUTHORIZED PURCHASES.] The commissioner of administration may authorize the purchase of insurance on state property that



agencies of state government deem necessary and appropriate to protect buildings and contents.

Sec. 6. Minnesota Statutes 1988, section 15.39, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding the provisions of section 15.38, or any other law to the contrary, the commissioner of the department of jobs and training of the state of Minnesota may insure the state of Minnesota purchase insurance against loss by fire, flood, windstorm, or tornado to state-owned buildings occupied by said the department, in from any insurance companies licensed to do business in this state in such an amount as that the commissioner may from time to time determine and to pay premiums therefor for the insurance from federal funds granted for the administration of the department of jobs and training.

Sec. 7. Minnesota Statutes 1988, section 15A.081, subdivision 7, is amended to read:

Subd. 7. [~~PART-TIME METROPOLITAN OFFICERS.~~] The governor shall set the salary rate within the range set forth below for the following ~~part-time~~ positions, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

	Effective July 1, 1987
Chair, metropolitan airports commission	\$15,000-\$25,000
Chair, metropolitan waste control commission	<del>\$25,000-\$35,000</del> \$25,000-\$67,500

Fringe benefits for unclassified employees of the metropolitan waste control commission shall not exceed those fringe benefits received by unclassified employees of the metropolitan council.

Sec. 8. Minnesota Statutes 1988, section 16A.85, subdivision 2, is amended to read:

Subd. 2. [COVENANTS.] The commissioner of finance may covenant in a master lease that the state will abide by the terms and provisions that are customary in net lease or lease-purchase transactions including, but not limited to, covenants providing that the state:

(1) will maintain ~~rental interruption, liability, and casualty insurance notwithstanding section 15.38 as required under the terms of the lease agreement;~~

(2) is responsible to the lessor for any public liability or property damage claims or costs related to the selection, use, or maintenance of the leased equipment, to the extent of insurance or self-insurance maintained by the lessee, and for costs and expenses incurred by the lessor as a result of any default by the lessee;

(3) authorizes the lessor to exercise the rights of a secured party with respect to the equipment subject to the lease in the event of default by the lessee and, in addition, for the present recovery of lease rentals due during the current term of the lease as liquidated damages.

Sec. 9. Minnesota Statutes 1988, section 16B.06, subdivision 4, is amended to read:

Subd. 4. [SUBJECT TO AUDIT.] A contract or any disbursement of public funds to a provider of services or a grantee, made by or under the supervision of the commissioner, an agency, or any county or unit of local government ~~shall~~ *must* include, expressly or impliedly, an audit clause that provides that the books, records, documents, and accounting procedures and practices of the contractor or other party, relevant to the contract or transaction are subject to examination by the contracting agency, and either the legislative auditor or the state auditor as appropriate. *A state contract made for purchase, lease, or license of software and data from the state is not required to contain that audit clause.*

Sec. 10. Minnesota Statutes 1988, section 16B.09, subdivision 5, is amended to read:

Subd. 5. [COOPERATIVE AGREEMENTS.] *The commissioner may enter into cooperative purchasing agreements under section 471.59 with cities, counties, towns, school districts, or other political subdivisions or instrumentalities of a governmental unit or any entity that is statutorily authorized to purchase materials and services through state contracts. The commissioner may charge a fee to cover the commissioner's administrative expenses to government units that have joint or cooperative purchasing agreements with the state under section 471.59.*

Sec. 11. Minnesota Statutes 1988, section 16B.24, subdivision 1, is amended to read:

Subdivision 1. [OPERATION AND MAINTENANCE OF BUILDINGS.] The commissioner is authorized to maintain and operate the state capitol building and grounds, subject to whatever standards and policies are set for its appearance and cleanliness by the capitol area architectural and planning board and the commissioner ~~pursuant to~~ *under* section 15.50, subdivision 2, clause (h), and the state office building, the historical society building, the Normandale, Anoka-Ramsey, North Hennepin, Lakewood, Metropolitan, and South East Metropolitan Community Colleges, the economic security buildings in Minneapolis and St. Paul, the state department of health building, and the surplus property building, and their grounds, and, when the commissioner considers it advisable and practicable, any other building or premises owned or rented by the state for the use of a state agency. The commissioner shall assign and reassign office space in the capitol and state buildings to make an equitable division of available space among agencies. The power granted in this subdivision does not apply to state hospitals or to educational, penal, correctional, or other institutions not enumerated in this subdivision the control of which is vested by law in some other agency.

Sec. 12. Minnesota Statutes 1988, section 16B.405, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] ~~To offset the department of administration's software development costs through the sale of products developed,~~ The commissioner may sell or license computer software products or services developed by the commissioner ~~state agencies~~ or custom developed by a vendor, through whatever sales method the commissioner considers appropriate. Prices for the software products or services may be based on market considerations.

Sec. 13. Minnesota Statutes 1988, section 16B.48, as amended by Laws 1989, chapter 335, article 4, section 10, is amended to read:

**16B.48 [GENERAL SERVICES AND ~~COMPUTER SERVICES~~ INTER-TECHNOLOGIES REVOLVING FUNDS.]**

Subdivision 1. [REIMBURSEMENTS.] Fees prescribed ~~pursuant to~~ *under* section 16B.51, for the rendering of the services provided in that section are deposited in the state treasury by the collecting agency and credited to the general services revolving fund.

Subd. 2. [PURPOSE OF FUNDS.] Money in the state treasury credited to the general services revolving fund and money ~~which~~ *that* is deposited in the fund is appropriated annually to the commissioner for the following purposes:

- (1) to operate a central store and equipment service;
- (2) to operate a central duplication and printing service;
- (3) to purchase postage and related items and to refund postage deposits as necessary to operate the central mailing service;
- (4) to operate a documents service as prescribed by section 16B.51;
- (5) to provide advice and other services to political subdivisions for the management of their telecommunication systems;
- (6) to provide services for the maintenance, operation, and upkeep of buildings and grounds managed by the commissioner of administration;
- (7) to provide analytical, statistical, and organizational development services to state agencies, local units of government, metropolitan and regional agencies, and school districts;
- (8) to provide capitol security services through the department of public safety; and
- (9) to perform services for any other agency. Money ~~shall~~ *may* be expended for this purpose only when directed by the governor. The agency receiving the services shall reimburse the fund for their cost, and the commissioner shall make the appropriate transfers when requested. The term "services" as used in this clause means compensation paid officers and employees of the state government; supplies, materials, equipment, and other articles and things used by or furnished to an agency; and utility services; and other services for the maintenance, operation, and upkeep of buildings and offices of the state government.

Subd. 3. [~~COMPUTER SERVICES~~ INTERTECHNOLOGIES REVOLVING FUND.] Money in the ~~computer services intertechnologies~~ revolving fund is appropriated annually to the commissioner to operate ~~the division of computer information, records, and telecommunications~~ services.

Subd. 4. [REIMBURSEMENTS.] Except as specifically provided otherwise by law, each agency shall reimburse ~~the computer services intertechnologies~~ and general services revolving funds for the cost of all services, supplies, materials, labor, and depreciation of equipment, including reasonable overhead costs, which the commissioner is authorized and directed to furnish an agency. The cost of all publications or other materials produced by the commissioner and financed from the general services revolving fund ~~shall~~ *must* include reasonable overhead costs. The commissioner of finance shall make appropriate transfers to the revolving funds described in this

section when requested by the commissioner of administration. The commissioner of administration may make allotments, encumbrances, and, with the approval of the commissioner of finance, disbursements in anticipation of such transfers. In addition, the commissioner of administration, with the approval of the commissioner of finance, may require an agency to make advance payments to the revolving funds in this section sufficient to cover the agency's estimated obligation for a period of at least 60 days. All ~~such~~ reimbursements and other money received by the commissioner of administration under this section ~~shall~~ *must* be deposited in the appropriate revolving fund. Any earnings remaining in the fund established to account for the documents service prescribed by section 16B.51 at the end of each fiscal year not otherwise needed for present or future operations, as determined by the commissioners of administration and finance, ~~shall~~ *must* be transferred to the general fund.

Subd. 5. [LIQUIDATION.] If the ~~computer services intertechnologies~~ or general services revolving fund is abolished or liquidated, the total net profit from the operation of each fund ~~shall~~ *must* be distributed to the various funds from which purchases were made. The amount to be distributed to each fund ~~shall~~ *must* bear to ~~such~~ *the* net profit the same ratio as the total purchases from each fund bears to the total purchases from all the funds during ~~such the same~~ period of time as ~~shall~~ *fairly reflect* the amount of net profit each fund is entitled to receive under the distribution required by this section.

Sec. 14. Minnesota Statutes 1989 Supplement, section 16B.54, subdivision 2, is amended to read:

Subd. 2. [VEHICLES.] (a) [ACQUISITION FROM AGENCY; APPROPRIATION.] The commissioner may direct an agency to make a transfer of a passenger motor vehicle or truck ~~presently~~ *currently* assigned to it. The transfer must be made to the commissioner for use in the central motor pool. The commissioner shall reimburse an agency whose motor vehicles have been paid for with funds dedicated by the constitution for a special purpose and which are assigned to the central motor pool. The amount of reimbursement for a motor vehicle is its average wholesale price as determined from the midwest edition of the national automobile dealers association official used car guide.

(b) [PURCHASE.] To the extent that funds are available for the purpose, the commissioner may purchase or otherwise acquire additional passenger motor vehicles and trucks necessary for the central motor pool. The title to all motor vehicles assigned to or purchased or acquired for the central motor pool is in the name of the department of administration.

(c) [TRANSFER AT AGENCY REQUEST.] On the request of an agency, the commissioner may transfer to the central motor pool any passenger motor vehicle or truck for the purpose of disposing of it. The department or agency transferring the vehicle or truck ~~shall~~ *must* be paid for it from the motor pool revolving account established by this section in an amount equal to two-thirds of the average wholesale price of the vehicle or truck as determined from the midwest edition of the National Automobile Dealers Association official used car guide.

(d) [VEHICLES; MARKING.] The commissioner shall provide for the uniform marking of all motor vehicles. Motor vehicle colors must be selected from the regular color chart provided by the manufacturer each year. The commissioner may further provide by rule for the use of motor vehicles

without uniform coloring or marking by the governor, the lieutenant governor, the division of criminal apprehension, division of gambling enforcement, arson investigators of the division of fire marshal in the department of public safety, financial institutions division of the department of commerce, division of state lottery in the department of gaming, the department of revenue, *the investigative staff of the department of jobs and training*, and the office of the attorney general.

Sec. 15. Minnesota Statutes 1988, section 136.24, subdivision 1, is amended to read:

Subdivision 1. [PROPRIETARY PURCHASES.] Technical educational equipment may be procured for the state universities on request of the state university board either by brand designation or in accordance with standards and specifications the board may promulgate, notwithstanding the ~~provisions~~ *competitive bidding requirements* of chapter 16B to the contrary. *The procurement is still subject to supervision by the office of information systems management under section 16B.41.*

Sec. 16. Minnesota Statutes 1988, section 136.622, subdivision 1, is amended to read:

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 *the competitive bidding requirements of chapter 16B. The procurement is still subject to supervision by the office of information systems management under section 16B.41.*

Sec. 17. Minnesota Statutes 1988, section 138.17, subdivision 1, is amended to read:

Subdivision 1. [DESTRUCTION, PRESERVATION, REPRODUCTION OF RECORDS; PRIMA FACIE EVIDENCE.] The attorney general, legislative auditor in the case of state records, state auditor in the case of local records, and director of the Minnesota historical society, hereinafter director, shall constitute the records disposition panel. The members of the panel shall have power by unanimous consent to direct the destruction or sale for salvage of government records determined to be no longer of any value, or to direct the disposition by gift to the Minnesota historical society or otherwise of government records determined to be valuable for preservation. The records disposition panel may by unanimous consent order any of those records to be reproduced by photographic or other means, and order that photographic or other reproductions be substituted for the originals of them. It may direct the destruction or sale for salvage or other disposition of the originals from which they were made. Photographic or other reproductions shall for all purposes be deemed the originals of the records reproduced when so ordered by the records disposition panel, and shall be admissible as evidence in all courts and in proceedings of every kind. A facsimile, exemplified or certified copy of a photographic, *optical disk imaging*, or other reproduction, or an enlargement or reduction of it, shall have the same effect and weight as evidence as would a certified or exemplified copy of the original. The records disposition panel, by unanimous consent, may direct the storage of government records, except as herein provided, and direct the storage of photographic or other reproductions. Photographic or other reproductions substituted for original records shall be disposed of in accordance with the procedures provided for the

original records. For the purposes of this chapter: (1) The term "government records" means state and local records, including all cards, correspondence, discs, maps, memoranda, microfilms, papers, photographs, recordings, reports, tapes, writings, *optical disks*, and other data, information or documentary material, regardless of physical form or characteristics, storage media or conditions of use, made or received by an officer or agency of the state and an officer or agency of a county, city, town, school district, municipal subdivision or corporation or other public authority or political entity within the state pursuant to state law or in connection with the transaction of public business by an officer or agency; (2) The term "state record" means a record of a department, office, officer, commission, commissioner, board or any other agency, however styled or designated, of the executive branch of state government; a record of the state legislature; a record of any court, whether of statewide or local jurisdiction; and any other record designated or treated as a state record under state law; (3) The term "local record" means a record of an agency of a county, city, town, school district, municipal subdivision or corporation or other public authority or political entity; (4) The term "records" excludes data and information that does not become part of an official transaction, library and museum material made or acquired and kept solely for reference or exhibit purposes, extra copies of documents kept only for convenience of reference and stock of publications and processed documents, and bonds, coupons, or other obligations or evidences of indebtedness, the destruction or other disposition of which is governed by other laws; (5) The term "state archives" means those records preserved or appropriate for preservation as evidence of the organization, functions, policies, decisions, procedures, operations or other activities of government or because of the value of the information contained in them, when determined to have sufficient historical or other value to warrant continued preservation by the state of Minnesota and accepted for inclusion in the collections of the Minnesota historical society.

Sec. 18. Minnesota Statutes 1988, section 138.17, is amended by adding a subdivision to read:

*Subd. 9. [OPTICAL DISK STANDARDS.] The records disposition panel shall develop standards for storage of all government records on optical disk by January 1, 1991.*

Sec. 19. Minnesota Statutes 1988, section 214.07, subdivision 2, is amended to read:

Subd. 2. [SUMMARY OF BOARD REPORTS.] Not later than December 15 of each even-numbered year, the commissioner of health with respect to the health-related licensing boards ~~and the commissioner of administration with respect to the non-health-related boards~~ shall prepare summary reports compiling the information required by subdivision 1, clauses (b) and (g) to (p) and contained in the reports submitted by the boards the preceding year pursuant to subdivision 1. The summary reports ~~shall~~ *must* also specify the staff and services provided by the ~~departments~~ *department* to each board. The summary reports ~~shall~~ *must* be distributed to the legislature ~~pursuant to~~ *under* section 3.195 and to the governor.

Sec. 20. Minnesota Statutes 1988, section 214.09, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION.] Members of the boards ~~shall~~ *must* be compensated at the rate of ~~\$25 per~~ *\$55 a* day spent on board activities, when authorized by the board, plus expenses in the same manner and

amount as authorized by the commissioner's plan adopted according to under section 43A.18, subdivision 2. Members who, as a result of time spent attending board meetings, incur child care expenses that would not otherwise have been incurred, may be reimbursed for those expenses upon board authorization. If members who are full-time state employees or employees of the political subdivisions of the state receive the ~~\$35 per day~~ *daily payment*, 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 payment* from the employee's compensation for that day. In no other case shall may a board member who is an employee of the state or political subdivision suffer a loss in compensation or benefits as a result of service on the board. Members who are state employees or employees of the political subdivisions of the state may receive the expenses provided for in this subdivision 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.

Sec. 21. Minnesota Statutes 1988, section 473.141, subdivision 3, is amended to read:

Subd. 3. [CHAIR.] The chair of each agency shall be appointed by the governor with the advice and consent of the senate, shall be the ninth voting member and shall meet all qualifications established for members, except the chair need only reside within the metropolitan area. The council, by resolution after a public meeting on the subject, shall provide the governor with a list of nominees for the position. Senate confirmation is as provided by section 15.066. The chair shall preside at all meetings of the agency, if present, and shall perform all other duties and functions assigned by the agency or by law. *The chair is responsible for providing leadership in development policy, coordinating the activities of the agency board, establishing and appointing committees of the board, chairing the internal audit committee, ensuring effective communication between the agency and other governmental entities and the general public, ensuring that the board is fully informed of the activities of the chief administrator and the agency, ensuring that the chief administrator implements the policies of the board and is held accountable to the board, and evaluating the chief administrator's performance.* Each agency may appoint from among its members a vice-chair to act for the chair during temporary absence or disability.

Sec. 22. Minnesota Statutes 1988, section 600.135, subdivision 1, is amended to read:

Subdivision 1. [RECORDS; DESTRUCTION, PHOTOGRAPHIC COPIES.] If any business, institution, member of a profession or calling, or any department or agency of government, in the regular course of business or activity has kept or recorded any memorandum, writing, entry, print, representation or combination thereof, of any act, transaction, occurrence or event, and in the regular course of business has caused any or all of the same to be recorded, copied or reproduced by any photographic, photostatic, microfilm, microcard, miniature photographic, *optical disk imaging*, or other process which accurately reproduces or forms a durable medium for so reproducing the original, the original may be destroyed in the regular course of business unless held in a custodial or fiduciary capacity or unless its preservation is required by law. Such reproduction, when satisfactorily identified, is as admissible in evidence as the original itself in any judicial

or administrative proceeding whether the original is in existence or not and an enlargement or facsimile of such reproduction is likewise admissible in evidence if the original reproduction is in existence and available for inspection under direction of court. The introduction of a reproduced record, enlargement or facsimile, does not preclude admission of the original.

Sec. 23. [APPLICATION.]

*Sections 7 and 21 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington and are effective the day following final enactment.*

Sec. 24. [REPEALER.]

*Minnesota Statutes 1989 Supplement, section 16B.465, subdivision 5, is repealed.*

Sec. 25. [EFFECTIVE DATE.]

*Sections 15 and 16 are effective July 1, 1990."*

Delete the title and insert:

"A bill for an act relating to state government; regulating markings on state vehicles; eliminating the requirement that certain reports of occupational licensing boards be summarized; eliminating certain prohibitions against state purchase of insurance; regulating state sale of goods and services; clarifying responsibility for the operation and maintenance of certain buildings; regulating government record keeping; prescribing compensation for certain board members; amending Minnesota Statutes 1988, sections 15.16; 15.17, subdivision 1; 15.38, by adding a subdivision; 15.39, subdivision 1; 15A.081, subdivision 7; 16A.85, subdivision 2; 16B.06, subdivision 4; 16B.09, subdivision 5; 16B.24, subdivision 1; 16B.405, subdivision 1; 16B.48, as amended; 136.24, subdivision 1; 136.622, subdivision 1; 138.17, subdivision 1, and by adding a subdivision; 175A.01; 175A.02; 175A.05; 175A.07, subdivision 2; 214.07, subdivision 2; 214.09, subdivision 3; 473.141, subdivision 3; and 600.135, subdivision 1; Minnesota Statutes 1989 Supplement, sections 15.0575, subdivision 3; 15.059, subdivision 3; and 16B.54, subdivision 2; repealing Minnesota Statutes 1989 Supplement, section 16B.465, subdivision 5."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Diane Wray Williams, Bob Johnson, Ted Winter, Katy Olson, John Burger

Senate Conferees: (Signed) Donald M. Moe, Gene Waldorf, Dennis R. Frederickson, Steven Morse, Bob Decker

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 53 and nays 1, as follows:



Those who voted in the affirmative were:

Adkins	Davis	Gustafson	McQuaid	Reichgott
Anderson	Decker	Hughes	Metzen	Renneke
Beckman	DeCramer	Johnson, D.E.	Moe, D.M.	Samuelson
Belanger	Dicklich	Johnson, D.J.	Moe, R.D.	Schmitz
Benson	Diessner	Knaak	Morse	Spear
Berg	Flynn	Knutson	Olson	Storm
Berglin	Frank	Langseth	Piepho	Stumpf
Bernhagen	Frederick	Lantry	Piper	Vickerman
Bertram	Frederickson, D.J.	Luther	Pogemiller	Waldorf
Brataas	Frederickson, D.R.	Marty	Purfeerst	
Cohen	Freeman	McGowan	Ramstad	

Mr. Larson 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. Peterson, R.W. moved that the following members be excused for a Conference Committee on H.F. No. 2200 at 2:00 p.m.:

Messrs. Brandl, Dicklich, Pehler, Ms. Reichgott and Mr. Peterson, R.W. The motion prevailed.

### MEMBERS EXCUSED

Messrs. Chmielewski, Laidig, Lessard and Merriam were excused from the Session of today. Mr. Frederickson, D.J. was excused from the Session of today from 1:00 to 1:10 p.m. Mr. Dahl was excused from the Session of today from 1:00 to 3:00 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Wednesday, April 18, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## NINETY-FIRST DAY

St. Paul, Minnesota, Wednesday, April 18, 1990

The Senate met at 9:00 a.m. 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. Delton Krueger.

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

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

The President declared a quorum present.

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

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. DeCramer moved that the following members be excused for a Conference Committee on S.F. No. 2213 from 9:00 to 10:45 a.m.:

Mr. Purfeerst, Mrs. McQuaid and Mr. DeCramer. The motion prevailed.

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

April 17, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F No.	H.F No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
1726		432	1611 hours April 16	April 17
1980		433	1612 hours April 16	April 17
2172		434	1614 hours April 16	April 17
2136		435	1615 hours April 16	April 17
2134		439	1610 hours April 16	April 17
2433		440	1616 hours April 16	April 17
1897		441	1625 hours April 16	April 17
1752		442	1628 hours April 16	April 17
1879		443	1629 hours April 16	April 17
1794		444	1630 hours April 16	April 17
2127		445	1631 hours April 16	April 17
	1981	446	1633 hours April 16	April 17
	2500	447	1617 hours April 16	April 17
	2135	448	1634 hours April 16	April 17
	2056	449	1635 hours April 16	April 17
1087		451	1637 hours April 16	April 17
2489		452	1642 hours April 16	April 17
1920		453	1645 hours April 16	April 17
1696		454	1618 hours April 16	April 17
2061		455	1619 hours April 16	April 17
2068		456	1620 hours April 16	April 17
1995		457	1621 hours April 16	April 17
2431		458	1622 hours April 16	April 17
1365		459	1624 hours April 16	April 17

Sincerely,  
Joan Anderson Growe  
Secretary of State

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 1869, 2424 and 1162.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

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. 1896: A bill for an act relating to health; providing exemptions

from the infectious waste control act; requiring hospitals to accept certain infectious waste; modifying standards for ambulance drivers; requiring adoption of rules setting new standards for recertification of and upgrading to emergency care course certificates; increasing reimbursement for volunteers; authorizing an emergency medical services advisory committee; regulating the provision of special transportation services; requiring studies; encouraging rural medical school applicants; requiring a study of medical assistance reimbursement for physicians; creating a rural hospital planning and transition grant program; creating a rural hospital subsidy fund; allowing counties authority to exceed levy limits; appropriating money; amending Minnesota Statutes 1989 Supplement, sections 116.76, subdivision 9; 116.78, by adding subdivisions; 144.804, subdivisions 1 and 7; 144.809; 144.8091; Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 136A; 144; and 174.

Senate File No. 1896 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Vickerman moved that the Senate do not concur in the amendments by the House to S.F. No. 1896, 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. 2126: A bill for an act relating to health; providing regulations for bulk pesticide storage; amending provisions relating to pesticide registration fees and application fees; requiring permits for sources of irrigation water; requiring a permit for construction of a fertilizer distribution facility; requiring a responsible party to immediately take reasonable action necessary to abate an agricultural chemical incident; requiring certain administrative hearings on contested orders within 14 days; crediting certain agricultural penalties to the pesticide or fertilizer regulatory accounts; amending provisions relating to the registration surcharge and the agricultural chemical response and reimbursement fee; appropriating money from the general fund to be reimbursed with response and reimbursement fees; amending provisions relating to response and reimbursement eligibility; providing commissioner of agriculture authority under chapter 115B for agricultural chemical incidents; clarifying requirements for water well construction and ownership; clarifying provisions for at-grade monitoring wells; establishing reduced isolation distances for facilities with safeguards; clarifying conditions to issue a limited well contractor's license; amending effective dates; amending appropriations; amending Minnesota Statutes 1988, sections 18B.14, subdivision 2; 18B.27, subdivision 3; 18B.28, subdivision 4; 105.37, by adding a subdivision; 105.41, subdivision 4, and by adding a subdivision; 115B.02, subdivisions 3, 4, and by adding a

subdivision; Minnesota Statutes 1989 Supplement, sections 18B.26, subdivision 3; 18C.205, subdivision 2; 18C.305, subdivision 1; 18D.103, subdivision 1; 18D.321, subdivision 2; 18E.03, subdivisions 3, 4, 5, and by adding a subdivision; 18E.04, subdivision 1; 103B.3369, subdivision 5; 103I.005, subdivisions 2, 8, 9, 16, and by adding a subdivision; 103I.101, subdivisions 2, 5, and 6; 103I.111, subdivision 5, and by adding a subdivision; 103I.205, subdivisions 1, 2, 4, 5, 6, and 8; 103I.208, subdivision 2; 103I.235; 103I.301, subdivision 3; 103I.311, subdivision 3; 103I.325, subdivision 2; 103I.525, subdivisions 1, 5, and 6; 103I.531, subdivision 4; 103I.541, subdivision 1, and by adding subdivisions; 103I.681; 103I.685; 103I.691; 103I.705, subdivisions 2 and 3; 105.41, subdivisions 1c and 5a; 115B.20, subdivision 1; 116C.69, subdivision 3; Laws 1989, chapters 326, article 3, section 49; article 6, section 33, subdivision 2; article 8, section 10; and 335, article 1, section 23, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 18D and 103I; repealing Minnesota Statutes 1988, section 115B.17, subdivision 8; Minnesota Statutes 1989 Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; 103I.325, subdivision 1; and 103I.533.

Senate File No. 2126 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Morse moved that the Senate do not concur in the amendments by the House to S.F. No. 2126, 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. 2158: A bill for an act relating to utilities; regulating flexible gas utility rates; repealing sunset provisions relating to flexible gas utility rates; appropriating money; amending Minnesota Statutes 1988, section 216B.163; and Laws 1987, chapter 371, section 4.

Senate File No. 2158 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Dicklich moved that the Senate do not concur in the amendments by the House to S.F. No. 2158, 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. 2527: A bill for an act relating to agriculture; establishing an agricultural liming material law; allowing agreements between the commissioner of agriculture and certain persons required to file reports under the corporate farming law; appropriating money; prescribing penalties; amending Minnesota Statutes 1988, section 500.24, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 18F

Senate File No. 2527 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Davis moved that the Senate do not concur in the amendments by the House to S.F. No. 2527, 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. 1081: A bill for an act relating to courts; providing for a study by the supreme court of racial bias in the judicial system; appropriating money.

Senate File No. 1081 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Moe, R.D. moved that S.F. No. 1081 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. 2054: A bill for an act relating to courts; staggering the elections of chief judges and assistant chief judges; providing for the adoption of rules by the supreme court governing jury administration; imposing penalties; amending Minnesota Statutes 1988, sections 484.69, subdivision 1, and by adding a subdivision; 593.19; 593.21; 593.31; 593.37, subdivision 2a; 593.40, subdivisions 4, 5, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 593; repealing Minnesota Statutes 1988, sections 484.69, subdivision 2; 593.01; 593.08; 593.131; 593.135; 593.16; 593.33; 593.34; 593.35; 593.36; 593.37, subdivisions 1, 2, and 3; 593.38; 593.39; 593.40, subdivisions 1, 2, and 3; 593.41; 593.42, subdivisions 1, 2, 3, and 5; 593.43; 593.44; 593.45; 593.46;

593.47; and 593.49.

Senate File No. 2054 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. Moe, R.D. moved that S.F. No. 2054 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. 188: A bill for an act relating to commerce; requiring mortgage lenders and mortgage brokers to obtain a license from the commissioner of commerce; requiring certain disclosures by mortgage lenders and mortgage brokers; prohibiting certain practices by mortgage lenders and mortgage brokers; appropriating money; amending Minnesota Statutes 1988, sections 82.17, subdivision 4; and 82.18; proposing coding for new law as Minnesota Statutes, chapter 57; repealing Minnesota Statutes 1988, section 82.175.

There has been appointed as such committee on the part of the House: Osthoff, Scheid and Morrison.

Senate File No. 188 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

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. 2317: A bill for an act relating to utilities; providing for the assessment of expenses for adjudicating service area disputes to municipal electric utilities; providing for civil penalties for violations of chapter 237; reestablishing the position of program administrator of the telecommunications access for communication-impaired persons board; extending the electric utility service area task force until 1992; requiring a study; appropriating money; amending Minnesota Statutes 1988, sections 216B.62, subdivision 5; and 237.51, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 237.

There has been appointed as such committee on the part of the House: Jacobs, Beard and Boo.

Senate File No. 2317 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

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. 2181: A bill for an act relating to labor; regulating joint labor-management committees; regulating public employee elections; providing for the selection of arbitrators by mutual agreement; amending Minnesota Statutes 1988, sections 179.02, by adding a subdivision; 179.84, subdivision 1; 179.85; 179A.04, subdivision 3; 179A.12, subdivisions 7 and 11; and Minnesota Statutes 1989 Supplement, section 179A.16, subdivision 4.

There has been appointed as such committee on the part of the House: Dawkins, Begich and Bennett.

Senate File No. 2181 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

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. 1703: A bill for an act relating to natural resources; authorizing the enforcement of certain natural resource laws by conservation officers; amending Minnesota Statutes 1988, section 97A.205.

There has been appointed as such committee on the part of the House: Trimble, Skoglund and Uphus.

Senate File No. 1703 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 17, 1990

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2023 and 1891.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 17, 1990



**FIRST READING OF HOUSE BILLS**

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

H.F. No. 2023: A bill for an act relating to veterans; authorizing the veterans homes board to rent certain facilities; appropriating money; amending Minnesota Statutes 1989 Supplement, section 198.003.

Referred to the Committee on Finance.

H.F. No. 1891: A bill for an act relating to lawful gambling; expanding definition of contraband; extending deadline for inventory of seized contraband; authorizing seizing authorities to use proceeds from forfeited contraband; prohibiting altered or counterfeit gambling equipment and possession thereof; prohibiting organizations from accepting checks for gambling equipment or chances; requiring posting of penalties for receiving cash on video games of chance; subjecting illegally used gambling equipment to forfeiture; providing penalties; amending Minnesota Statutes 1988, sections 349.151, by adding a subdivision; 349.2125, subdivision 4; 349.2127, by adding a subdivision; 349.22, by adding subdivisions; 349.52, by adding a subdivision; and 609.762, subdivision 1; Minnesota Statutes 1989 Supplement, sections 349.2125, subdivisions 1 and 3; 349.2127, subdivision 2; 349.22, subdivisions 1 and 3; 349.501, subdivision 1; 349.502, subdivision 1; and 609.76, subdivision 1.

Mr. Moe, R.D. moved that H.F. No. 1891 be 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. 2294, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2294 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 17, 1990

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2294**

A bill for an act relating to drivers' licenses; providing for electronically produced images on drivers' licenses; providing for living will designation on driver's licenses; allowing commissioner to suspend a driver's license for failure to report certain medical conditions; amending Minnesota Statutes 1988, sections 171.07, subdivisions 1a and 6, and by adding a subdivision; and 171.071; Minnesota Statutes 1989 Supplement, sections 171.06, subdivision 3; 171.07, subdivisions 1 and 3; and 171.18.

April 9, 1990

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. 2294, 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. 2294 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1989 Supplement, section 171.06, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF APPLICATION.] Every application ~~shall~~ *must* state the full name, date of birth, social security number, sex and residence address of the applicant, a description of the applicant in such manner as the commissioner may require, and ~~shall~~ *must* state whether or not the applicant has theretofore been licensed as a driver; and, if so, when and by what state or country and whether any such license has ever been suspended or revoked, or whether an application has ever been refused; and, if so, the date of and reason for such suspension, revocation, or refusal, together with such facts pertaining to the applicant and the applicant's ability to operate a motor vehicle with safety as may be required by the commissioner. The application form ~~shall~~ *must* contain a notification to the applicant of the availability of the donor document provided pursuant to section 171.07, subdivision 5, and ~~shall~~ *must* contain spaces where the applicant must indicate a desire to receive or not to receive the donor document. *The application form must contain a notification to the applicant of the availability of a living will designation on the license under section 171.07, subdivision 7.* The application ~~shall~~ *must* be in the form prepared by the commissioner.

The application form must be accompanied by a pamphlet containing relevant facts relating to:

- (1) the effect of alcohol on driving ability;
- (2) the effect of mixing alcohol with drugs;
- (3) the laws of Minnesota relating to operation of a motor vehicle while under the influence of alcohol or a controlled substance; and
- (4) the levels of alcohol-related fatalities and accidents in Minnesota and of arrests for alcohol-related violations.

Sec. 2. Minnesota Statutes 1989 Supplement, section 171.07, subdivision 1, is amended to read:

Subdivision 1. [LICENSE; CONTENTS.] The department shall, upon the payment of the required fee, issue to every applicant qualifying therefor a license designating the type or class of vehicles the applicant is authorized to drive as applied for, which license shall bear thereon a distinguishing number assigned to the licensee, the full name, date of birth, residence address and permanent mailing address if different, a description of the licensee in such manner as the commissioner deems necessary, and a space upon which the licensee shall write the usual signature and the date of birth of the licensee with pen and ink. No license shall be valid until it

has been so signed by the licensee. Except in the case of an instruction permit, every license shall bear thereon a colored photograph or an electronically produced image of the licensee. Every license issued to an applicant under the age of 21 shall be of a distinguishing color and plainly marked "Under-21." The department shall use such process or processes in the issuance of licenses that prohibits as near as possible, the ability to alter or reproduce the licenses, or prohibit the ability to superimpose a ~~photo~~ photograph or electronically produced image on such licenses without ready detection. A license issued to an applicant of age 65 or over shall be plainly marked "senior" if requested by the applicant.

Sec. 3. Minnesota Statutes 1988, section 171.07, subdivision 1a, is amended to read:

Subd. 1a. [~~PHOTOGRAPHIC NEGATIVES; FILING PHOTOGRAPHS OR IMAGES; DATA CLASSIFICATION.~~] The department shall file, or contract to file, all ~~photographic negatives~~ photographs or electronically produced images obtained in the process of issuing driver licenses or Minnesota identification cards. The ~~negatives~~ photographs or electronically produced images shall be private data pursuant to section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the department shall not be required to provide copies of ~~photographic negatives~~ photographs or electronically produced images to data subjects. The use of the files is restricted to the issuance and control of driver licenses and for law enforcement purposes in the investigation and prosecution of felonies and violations of section 169.09; 169.121; 169.123; 169.129; 171.22; 171.24; 171.30; 609.41; 609.487, subdivision 3; 609.631, subdivision 4, clause (3); or 609.821, subdivision 3, clauses (1), item (iv), and (3).

Sec. 4. Minnesota Statutes 1989 Supplement, section 171.07, subdivision 3, is amended to read:

Subd. 3. Upon payment of the required fee the department shall issue to every applicant therefor a Minnesota identification card. The department may not issue a Minnesota identification card to a person who has a driver's license, other than an instruction permit. The card must bear a distinguishing number assigned to the applicant, a colored photograph or an electronically produced image, the full name, date of birth, residence address, a description of the applicant in the manner as the commissioner deems necessary, and a space upon which the applicant shall write the usual signature and the date of birth of the applicant with pen and ink.

Each Minnesota identification card must be plainly marked "Minnesota identification card - not a driver's license." The fee for a Minnesota identification card issued to a person who is mentally retarded, as defined in section 252A.02, subdivision 2, is 50 cents.

Sec. 5. Minnesota Statutes 1988, section 171.07, subdivision 6, is amended to read:

Subd. 6. [~~MEDICAL ALERT IDENTIFIER.~~] Upon the written request of the applicant, the department shall issue a driver's license or Minnesota identification card bearing a medical alert identifier. The applicant must request the medical alert identifier at the time the photograph or electronically produced image is taken. No specific medical information will be contained on the driver's license or Minnesota identification card.

Sec. 6. Minnesota Statutes 1988, section 171.07, is amended by adding a subdivision to read:

*Subd. 7. [LIVING WILL DESIGNATION.] At the written request of the applicant and on payment of the required fee, the department shall issue, renew, or reissue a driver's license or Minnesota identification card bearing the designation "Living Will" or an abbreviation thereof. The designation does not constitute delivery of a health care declaration under section 145B.05.*

*On payment of the required fee, the department shall issue a replacement or renewal license or identification card without the designation if requested by the applicant.*

*This subdivision does not impose any additional duty on a health care provider, as defined in section 145B.02, subdivision 6, beyond the duties imposed in chapter 145B.*

*For the purposes of this subdivision, "living will" means a declaration made under section 145B.03.*

Sec. 7. Minnesota Statutes 1988, section 171.071, is amended to read:  
171.071 [IDENTIFICATION IN LIEU OF PHOTOGRAPHS.]

Notwithstanding the provisions of section 171.07, the commissioner of public safety may adopt rules to permit identification on a driver's license in lieu of a photograph or *electronically produced image* where the commissioner finds that the licensee has religious objections to the use of a photograph or *electronically produced image*.

Sec. 8. Minnesota Statutes 1989 Supplement, section 171.18, is amended to read:

171.18 [SUSPENSION.]

The commissioner shall have authority to and may suspend the license of any driver without preliminary hearing upon a showing by department records or other sufficient evidence that the licensee:

- (1) Has committed an offense for which mandatory revocation of license is required upon conviction; or
- (2) Has been convicted by a court of competent jurisdiction for violation of a provision of the highway traffic regulation act or an ordinance regulating traffic and where it appears from department records that the violation for which the licensee was convicted contributed in causing an accident resulting in the death or personal injury of another, or serious property damage; or
- (3) Is an habitually reckless or negligent driver of a motor vehicle; or
- (4) Is an habitual violator of the traffic laws; or
- (5) Is incompetent to drive a motor vehicle as determined and adjudged in a judicial proceeding; or
- (6) Has permitted an unlawful or fraudulent use of such license; or
- (7) Has committed an offense in another state which, if committed in this state, would be grounds for suspension; or
- (8) Has committed a violation of section 171.22; or
- (9) Has failed to appear in court as provided in section 169.92, subdivision 4; or

*(10) has failed to report a medical condition that if reported would have resulted in cancellation of driving privileges.*

Provided, however, that any action taken by the commissioner under subparagraphs (2) and (5) shall conform to the recommendation of the court when made in connection with the prosecution of the licensee.

Upon suspending the license of any person, as hereinbefore in this section authorized, the department shall immediately notify the licensee, in writing, by depositing in the United States post office a notice addressed to the licensee at the licensee's last known address, with postage prepaid thereon, and the licensee's written request shall afford the licensee an opportunity for a hearing within not to exceed 20 days after receipt of such request in the county wherein the licensee resides, unless the department and the licensee agree that such hearing may be held in some other county. Upon such hearing the commissioner, or duly authorized agent, may administer oaths and issue subpoenas for the attendance of witnesses and the production of relevant books and papers, and may require a reexamination of the licensee. Upon such hearing the department shall either rescind its order of suspension or, good cause appearing therefor, may extend the suspension of such license or revoke such license. The department shall not suspend a license for a period of more than one year."

Delete the title and insert:

"A bill for an act relating to drivers' licenses; providing for electronically produced images on drivers' licenses; providing for living will designation on driver's license; allowing commissioner to suspend a driver's license for failure to report certain medical conditions; amending Minnesota Statutes 1988, sections 171.07, subdivisions 1a, 6, and by adding a subdivision; and 171.071; Minnesota Statutes 1989 Supplement, sections 171.06, subdivision 3; 171.07, subdivisions 1 and 3; and 171.18."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Alice Hausman, Dave Bishop, Jean Wagenius

Senate Conferees: (Signed) Jim Vickerman, Ember D. Reichgott, Clarence M. Purfeerst

Mr. Vickerman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2294 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. 2294 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.E.	Mehrkens	Ramstad
Anderson	Decker	Johnson, D.J.	Merriam	Reichgott
Beckman	DeCramer	Knaak	Metzen	Renneke
Belanger	Dicklich	Kroening	Moe, D.M.	Schmitz
Benson	Diessner	Laidig	Moe, R.D.	Storm
Berg	Flynn	Lantry	Morse	Stumpf
Berglin	Frank	Larson	Novak	Vickerman
Bernhagen	Frederick	Lessard	Olson	Waldorf
Bertram	Frederickson, D.R.	Luther	Pariseau	
Brataas	Freeman	Marty	Pehler	
Cohen	Gustafson	McGowan	Piepho	
Dahl	Hughes	McQuaid	Purfeerst	

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

### MOTIONS AND RESOLUTIONS

Mr. Moe, R.D. moved that H.F. No. 1891 be taken from the table. The motion prevailed.

H.F. No. 1891: A bill for an act relating to lawful gambling; expanding definition of contraband; extending deadline for inventory of seized contraband; authorizing seizing authorities to use proceeds from forfeited contraband; prohibiting altered or counterfeit gambling equipment and possession thereof; prohibiting organizations from accepting checks for gambling equipment or chances; requiring posting of penalties for receiving cash on video games of chance; subjecting illegally used gambling equipment to forfeiture; providing penalties; amending Minnesota Statutes 1988, sections 349.151, by adding a subdivision; 349.2125, subdivision 4; 349.2127, by adding a subdivision; 349.22, by adding subdivisions; 349.52, by adding a subdivision; and 609.762, subdivision 1; Minnesota Statutes 1989 Supplement, sections 349.2125, subdivisions 1 and 3; 349.2127, subdivision 2; 349.22, subdivisions 1 and 3; 349.501, subdivision 1; 349.502, subdivision 1; and 609.76, subdivision 1.

### 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. 1891 and that the rules of the Senate be so far suspended as to give H.F. No. 1891 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1891 was read the second time.

Ms. Reichgott moved to amend H.F. No. 1891 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1891, and insert the language after the enacting clause, and the title, of S.F. No. 1853, the first engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Merriam moved to amend H.F. No. 1891, as amended by the Senate April 18, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1853.)

Page 6, line 30, after the period, insert "A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals."

Page 7, line 3, after the period, insert "A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals."

Page 7, line 13, delete "felony" and insert "gross misdemeanor"

Page 7, line 15, delete "exceeds" and insert "does not exceed" and after the period, insert "A violation of this paragraph is a felony if the total face value exceeds \$200."

Page 7, lines 29 and 32, after "submits" insert "materially"

Page 8, line 29, strike "GROSS MISDEMEANOR" and insert "PENALTY"

Page 8, line 31, delete "gross"

Page 10, line 32, delete the second comma

The motion prevailed. So the amendment was adopted.

Mrs. Lantry moved to amend H.F. No. 1891, as amended by the Senate April 18, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1853.)

Page 1, after line 23, insert:

#### "ARTICLE 1

#### REGULATORY PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 299L.03, is amended by adding a subdivision to read:

*Subd. 9. [FINGERPRINTING.] The director may require that a licensee under sections 349.11 to 349.23, an employee of the licensee, or a shareholder or officer of the licensee submit to fingerprinting in a manner acceptable to the director.*

Sec. 2. [299L.06] [JURISDICTION.]

*In an investigation or other enforcement activity where there is probable cause to believe that a criminal violation relating to gambling has occurred, except a violation relating only to taxation, the division is the primary entity for investigation and enforcement.*

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 349.12, subdivision 11, is amended to read:

Subd. 11. (a) "Lawful purpose" means one or more of the following:

(1) ~~benefiting persons by enhancing their opportunity for religious or educational advancement; by relieving or protecting them from disease, suffering or distress; by contributing to their physical well-being; by assisting them in establishing themselves in life as worthy and useful citizens; or by increasing their comprehension of and devotion to the principles upon which this nation was founded;~~

(2) ~~initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures;~~

(3) ~~lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people;~~

(4) ~~payment of local taxes authorized under this chapter, and taxes imposed by the United States on receipts from lawful gambling;~~

(5) any expenditure by, or any contribution to, a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code;

(6) payment of reasonable costs incurred in complying with the performing of annual audits required under section 349.19, subdivision 9;

(7) payment of real estate taxes and assessments on licensed gambling premises wholly owned by the licensed organization; or

(8) if approved by the board, construction, improvement, expansion, maintenance, and repair of athletic fields and outdoor ice rinks and their appurtenances, owned by the organization or a public agency.

(b) "Lawful purpose" does not include the erection, acquisition, improvement, expansion, repair, or maintenance of any real property or capital assets owned or leased by an organization, other than a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code, unless the board has first specifically authorized the expenditures after finding: (1) that the property or capital assets will be used exclusively for one or more of the purposes specified in paragraph (a), clauses (1) to (3); or (2) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; or (3) with respect to expenditures for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance. The board shall by rule adopt procedures and standards to administer this subdivision.

(1) any expenditure by or contribution to a 501(c)(3) organization, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed post-traumatic stress syndrome, or a contribution to a recognized program for the treatment of compulsive gambling on behalf of an individual who is a compulsive gambler;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals, where the funds are awarded through an open and fair selection process not controlled by the contributing organization;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board;

(7) recreational, community and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender, as evidenced by (i) provision



*of equipment and supplies, (ii) scheduling of activities, including games and practice times, (iii) supply and assignment of coaches or other adult supervisors, (iv) provision and availability of support facilities, and (v) whether the opportunity to participate reflects each gender's demonstrated interest in the activity;*

*(8) payment of local taxes authorized under this chapter, and taxes imposed by the United States on receipts from lawful gambling;*

*(9) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency; or*

*(10) a contribution to or expenditure by a nonprofit organization, church or body of communicants, gathered in common membership for mutual support and edification in piety, worship, or religious observances.*

*(b) Notwithstanding paragraph (a), "lawful purpose" does not include:*

*(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;*

*(2) any activity intended to influence an election or a governmental decision-making process;*

*(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; or (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced;*

*(4) an expenditure by an organization which is a contribution to a parent organization, foundation or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value; or*

*(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution.*

*The board must authorize a contribution under clause (5) when requested*

*to do so by the contributing organization unless the board makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a).*

Sec. 4. Minnesota Statutes 1989 Supplement, section 349.12, subdivision 12, is amended to read:

Subd. 12. [ORGANIZATION.] "Organization" means any fraternal, religious, veterans, or other nonprofit organization ~~which has at least 15 active members, and either has been duly incorporated as a nonprofit organization for at least three years, or has been recognized by the Internal Revenue Service as exempt from income taxation for the most recent three years.~~

Sec. 5. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 30. [501(c)(3) ORGANIZATION.] "501(c)(3) organization" means an organization exempt from the payment of federal income taxes under section 501(c)(3) of the Internal Revenue Code.

Sec. 6. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 31. [AFFILIATE.] "Affiliate" means a person or entity directly or indirectly controlling, controlled by, or under common control or ownership with a licensee of the board or any officer or director of a licensee of the board.

Sec. 7. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 32. [PERSON.] "Person" means an individual, firm, association, partnership, corporation, trustee, or legal representative.

Sec. 8. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 33. [FLARE.] "Flare" means the posted display, with registration stamp affixed, that sets forth the rules of a game of pull-tabs or tipboards, and that is associated with a specific deal of pull-tabs or grouping of tipboards.

Sec. 9. Minnesota Statutes 1989 Supplement, section 349.151, is amended by adding a subdivision to read:

Subd. 3. [COMPENSATION.] *The compensation of board members is as provided in section 15.0575, subdivision 3.*

Sec. 10. Minnesota Statutes 1989 Supplement, section 349.151, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The board has the following powers and duties:

(1) *to regulate lawful gambling to ensure it is conducted in the public interest;*

(2) *to issue, revoke, and suspend licenses to organizations, distributors, bingo halls, and manufacturers under sections 349.16, 349.161, 349.163, and 349.164, and gambling managers;*

(2) (3) *to collect and deposit license, permit, and registration fees due under this chapter;*

~~(3)~~ (4) to receive reports required by this chapter and inspect ~~the~~ *all premises, records, books, and other documents of organizations and suppliers, distributors, manufacturers, and bingo halls* to insure compliance with all applicable laws and rules;

~~(4)~~ (5) to make rules ~~required~~ *authorized* by this chapter;

~~(5)~~ (6) to register gambling equipment and issue registration stamps ~~under section 349.162;~~

~~(6)~~ (7) 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)~~ (8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;

~~(8)~~ (9) to impose civil penalties of not more than \$500 per violation on organizations, distributors, ~~and~~ manufacturers, *bingo halls, and gambling managers* for failure to comply with any provision of ~~sections 349.12 to 349.23~~ *this chapter* or any rule of the board;

~~(9)~~ to notify ~~city councils, county boards, and town boards~~ before issuing or renewing licenses to organizations and bingo halls as specified under ~~section 349.213; and~~

(10) to issue premises permits to organizations licensed to conduct lawful gambling;

(11) to delegate to the director the authority to issue licenses and premises permits under criteria established by the board-;

(12) to suspend or revoke licenses and premises permits of organizations, distributors, manufacturers, bingo halls, or gambling managers as provided in this chapter;

(13) to register recipients of net profits from lawful gambling and to revoke or suspend the registrations;

(14) to register employees of organizations licensed to conduct lawful gambling;

(15) to require fingerprints from persons determined by board rule to be subject to fingerprinting; and

(16) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

(b) Any organization, distributor, bingo hall operator, or manufacturer assessed a civil penalty may request a hearing before the board. Hearings conducted on appeals of imposition of penalties are not subject to the provisions of the administrative procedure act.

(c) All fees and penalties received by the board must be deposited in the general fund.

Sec. 11. Minnesota Statutes 1989 Supplement, section 349.152, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF THE DIRECTOR.] The director has the following duties:

(1) to carry out gambling policy established by the board;

- (2) to employ and supervise personnel of the board;
- (3) to advise and make recommendations to the board on rules;
- (4) to issue licenses *and premises permits* as authorized by the board;
- (5) to issue cease and desist orders;
- (6) to make recommendations to the board on license issuance, denial, suspension and revocation, and civil penalties the board imposes; and
- (7) to ensure that board rules, policy, and decisions are adequately and accurately conveyed to the board's licensees.

Sec. 12. Minnesota Statutes 1989 Supplement, section 349.152, is amended by adding a subdivision to read:

*Subd. 3. [EXECUTIVE ASSISTANT.] The director may appoint an executive assistant to the director, who is in the unclassified service.*

Sec. 13. [349.154] [EXPENDITURE OF NET PROFITS FROM LAWFUL GAMBLING.]

*Subdivision 1. [STANDARDS FOR CERTAIN ORGANIZATIONS.] The board shall by rule prescribe standards that must be met by a licensed organization that is a 501(c)(3) organization. The standards must provide:*

- (1) operating standards for the organization, including a maximum percentage or percentages of the organization's total expenditures that may be expended for the organization's administration and operation; and*
- (2) standards for expenditures by the organization of net profits from lawful gambling, including a requirement that the expenditures be related to the primary purpose of the organization.*

*Subd. 2. [NET PROFIT REPORTS.] (a) A licensed organization shall report monthly to the board on a form prescribed by the board each expenditure and contribution by the organization of net profits from lawful gambling. The reports must provide for each expenditure or contribution:*

- (1) the name, address, and telephone number of the recipient of the expenditure or contribution;*
  - (2) the date the contribution was approved by the organization;*
  - (3) the date, amount, and check number of the expenditure or contribution; and*
  - (4) a brief description of how the expenditure or contribution meets one or more of the purposes in section 349.12, subdivision 11, paragraph (a).*
- (b) The report required under paragraph (a) must be accompanied by an acknowledgment, on a form the board prescribes, of each contribution of net profits from lawful gambling included in the report. The acknowledgment must be signed by the recipient of the contribution, or, if the recipient is not an individual, by an officer or other authorized representative of the recipient. The acknowledgment must include the name and address of the contributing organization and the items in paragraph (a), clauses (1) to (3).*

*(c) The board shall provide the commissioners of revenue and public safety copies of each report received under this subdivision.*

*Subd. 3. [REGISTRATION OF LAWFUL GAMBLING NET PROFIT*

RECIPIENTS.] *The board may by rule require that any individual, organization, or other entity must be registered with the board to receive a contribution of net profits from lawful gambling. The rules may designate and define specific categories of recipients that are subject to registration. The board may suspend or revoke the registration of any recipient the board determines has made an unlawful expenditure of net profits from lawful gambling.*

Sec. 14. Minnesota Statutes 1988, section 349.16, as amended by Laws 1989, chapter 334, article 2, sections 20 and 21, and Laws 1989, First Special Session chapter 1, article 13, section 8, is amended to read:

**349.16 [ORGANIZATION LICENSES.]**

Subdivision 1. [LICENSE REQUIRED.] *An organization may conduct lawful gambling if it has a license to conduct lawful gambling and complies with this chapter.*

Subd. 2. [ISSUANCE OF GAMBLING LICENSES.] (a) Licenses authorizing organizations to conduct lawful gambling may be issued by the board to organizations meeting the qualifications of ~~section 349.14~~, in paragraphs (b) to (h) if the board determines that the license is consistent with the purpose of sections 349.11 to 349.22.

(b) *The organization must have been in existence for the most recent three years preceding the license application as a registered Minnesota nonprofit corporation or as an organization designated as exempt from the payment of income taxes by the Internal Revenue Code.*

(c) *The organization at the time of licensing must have at least 15 active members.*

(d) *The organization must not be in existence solely for the purpose of conducting gambling.*

(e) *The organization must not have as an officer or member of the governing body any person who, within the five years before the issuance of the license, has been convicted in a federal or state court of a felony or gross misdemeanor or who has ever been convicted of a crime involving gambling or who has had a license issued by the board or director revoked for a violation of law or board rule.*

(f) *The organization has identified in its license application the lawful purposes on which it proposes to expend net profits from lawful gambling.*

(g) *The organization has identified on its license application a gambling manager and certifies that the manager is qualified under this chapter.*

(h) *The organization must not, in the opinion of the board after consultation with the commissioner of revenue, be seeking licensing primarily for the purpose of evading or reducing the tax imposed by section 349.212, subdivision 6.*

Subd. 3. [TERM OF LICENSE: SUSPENSION AND REVOCATION.] Licenses issued under this section are valid for one year and may be suspended by the board for a violation of law or board rule or revoked for what the board determines to be a ~~pattern of willful violations~~ violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

~~Subd. 4a. [RESTRICTIONS ON LICENSE ISSUANCE.] On and after~~

~~October 1, 1989, the board shall not issue an initial license to any organization if the board, in consultation with the department of revenue, determines that the organization is seeking licensing for the primary purpose of evading or reducing the tax imposed by section 349.212, subdivision 6.~~

Subd. 2 4. [APPLICATION.] All applications for a license under this section must be on a form prescribed by the board. The board may require the applying organization to submit a copy of its articles of incorporation and other documents it deems necessary.

*Subd. 5. [RENEWALS.] The board shall not renew a license issued under this section unless it determines that the organization is in compliance with all laws and rules governing lawful gambling and is not delinquent in filing tax returns or paying taxes required under this chapter. The board may delegate to the director the authority to make determinations required under this subdivision.*

Subd. 3 6. [FEES.] The board may issue four classes of *organization* licenses: a class A license authorizing all forms of lawful gambling; a class B license authorizing all forms of lawful gambling except bingo; a class C license authorizing bingo only; and a class D license authorizing raffles only. ~~The annual license fee for each class of license is:~~

- (1) \$200 for a class A license;
- (2) \$125 for a class B license;
- (3) \$100 for a class C license; and

~~(4) \$75 for a class D license.~~ *board shall not charge a fee for an organization license.*

*Subd. 7. [PURCHASE OF GAMBLING EQUIPMENT.] An organization may purchase gambling equipment only from a person licensed as a distributor.*

Subd. 4 8. [LOCAL INVESTIGATION FEE.] A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations or bingo halls applying for or renewing a license to conduct lawful gambling or operate a bingo hall. An investigation fee may not exceed the following limits:

- (1) for cities of the first class, \$500;
- (2) for cities of the second class, \$250;
- (3) for all other cities, \$100; and
- (4) for counties, \$375.

Sec. 15. Minnesota Statutes 1989 Supplement, section 349.161, as amended by Laws 1989, First Special Session chapter 1, article 13, section 9, is amended to read:

349.161 [DISTRIBUTOR LICENSES.]

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] No person may:

- (1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for lawful gambling exempt *or excluded* from licensing under ~~section 349.214~~, except to an organization

licensed for lawful gambling;

(2) sell, offer for sale, or furnish gambling equipment to ~~an organization licensed~~ for lawful gambling without having obtained a distributor license under this section;

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

~~No licensed organization may purchase gambling equipment from any person not licensed as a distributor under this section.~~

Subd. 2. [LICENSE APPLICATION.] The board may issue licenses for the sale of gambling equipment to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11 to 349.22. Applications must be on a form the board prescribes.

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this section to a person, or to a corporation, firm, or partnership which has as an officer, director, other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor a person, who:

(1) has been convicted of a felony ~~within the past five years~~;

(2) has ever been convicted of a felony involving fraud or misrepresentation or a crime involving gambling;

(3) *has ever been convicted of (i) assault, (ii) any criminal violation involving the use of a firearm, or (iii) making terroristic threats;*

(4) is or has ever been engaged in an illegal business;

~~(4)~~ (5) owes \$500 or more in delinquent taxes as defined in section 270.72;

~~(5)~~ (6) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or

~~(6)~~ (7) after demand, has not filed tax returns required by the commissioner of revenue.

Subd. 4. [FEES.] The annual fee for a distributor's license is \$2,500.

Subd. 5. [PROHIBITION.] (a) No distributor, or employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, ~~distributor's or any representative, agent, affiliate,~~ or employee of a distributor, may: (1) be involved ~~directly~~ in the ~~operation~~ ~~conduct~~ of lawful gambling ~~conducted~~ by an organization; (2) *keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.*

(c) No ~~manufacturer or distributor or person acting as a~~ any representative, agent, affiliate, or employee of a ~~manufacturer or distributor~~ may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor, ~~distributor's or any~~ representative, agent, affiliate, or employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased from that distributor is being used in the conduct of lawful gambling.

(e) No distributor, ~~distributor's or any~~ representative, agent, affiliate, or employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

(f) *No distributor or any representative, agent, affiliate, or employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.*

(g) *No distributor may purchase gambling equipment from a person who is not licensed as a manufacturer under section 349.163.*

(h) *No distributor may sell gambling equipment to a person in this state other than (i) a licensed organization or an organization that is exempt from licensing, or (ii) the governing body of an Indian tribe.*

Subd. 6. [REVOCAION AND SUSPENSION.] A license under this section may be suspended by the board for a violation of law or board rule ~~or~~. *A license under this section may be revoked for failure to meet the qualifications in subdivision 3 at any time or revoked for what the board determines to be a pattern of a willful violations violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.*

Subd. 7. [CRIMINAL HISTORY.] The board may request the assistance of the division of gambling enforcement in investigating the background of an applicant for a distributor's license and may reimburse the division of gambling enforcement for the costs thereof. The board has access to all criminal history data compiled by the division of gambling enforcement on licensees and applicants.

Subd. 8. [EMPLOYEES OF DISTRIBUTORS.] Licensed distributors shall provide the board upon request with the names and home addresses of all employees. Each distributor, ~~and employee of a distributor, or a person making sales of gambling equipment on behalf of a distributor~~ must have in their possession a picture identification card approved by the board. *No person other than an employee of a licensed distributor shall make any sales on behalf of a licensed distributor.*

Sec. 16. Minnesota Statutes 1989 Supplement, section 349.162, is amended to read:

#### 349.162 [EQUIPMENT REGISTERED.]

Subdivision 1. [STAMP REQUIRED.] (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, organization, or distributor, and no person, organization, or distributor may purchase, borrow, accept, or acquire from a distributor gambling equipment unless the equipment has been registered with the board and has a registration stamp affixed.



The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor is entitled to a refund for unused stamps and replacement for stamps which are defective or canceled by the distributor.

*(b) A distributor, organization, or other person may not sell a pull-tab that is not clearly marked "For Sale in Minnesota Only."*

*(c) Paragraph (b) does not apply to pull-tabs sold by a distributor to the governing body of an Indian tribe.*

Subd. 2. [RECORDS REQUIRED.] A distributor must maintain a record of all gambling equipment which it sells to organizations. The record must include:

(1) the identity of the person or firm from whom the ~~equipment was distributor~~ purchased *the equipment*;

(2) the registration number of the equipment;

(3) the name ~~and~~, address, *and license or exempt permit number* of the organization to which the sale was made;

(4) the date of the sale;

(5) the name of the person who ordered the equipment; ~~and~~

(6) the name of the person who received the equipment-;

(7) *the type of equipment*;

(8) *the serial number of the equipment*;

(9) *the name, form number, or other identifying information for each game; and*

(10) *in the case of bingo cards sold on and after January 1, 1991, the individual number of each card.*

The invoice for each sale must be retained for at least ~~two~~ 3-1/2 years after the sale is completed and a copy of each invoice is to be delivered to the board in the manner and time prescribed by the board. For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

Each distributor must report monthly to the board, in a form the board prescribes, its sales of each type of gambling equipment. Employees of the division and the division of gambling enforcement may inspect the *business premises*, books, records, and other documents of a distributor at any reasonable time without notice and without a search warrant.

*The board may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer.*

Subd. 3. [EXEMPTION.] For purposes of this section, [bingo cards or sheets need not be stamped.

Subd. 4. [PROHIBITION.] (a) No person other than a licensed distributor may possess unaffixed registration stamps ~~issued by the board~~.

(b) Unless otherwise provided in this chapter, no person may possess gambling equipment that has not been *stamped and registered with the board*.

(c) *On and after January 1, 1991, no distributor may:*

(1) *sell a bingo card that does not bear an individual number; or*

(2) *sell a package of bingo cards that does not contain bingo cards in numerical order.*

Subd. 5. [SALES FROM FACILITIES.] (a) All gambling equipment purchased or possessed by a licensed distributor for resale in Minnesota must, prior to the equipment's resale, be unloaded into a sales or storage facility located in Minnesota which the distributor owns or leases; and which has been registered, in advance and in writing, with the division of gambling enforcement as a sales or storage facility of the distributor's. All unregistered gambling equipment and all unaffixed registration stamps owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be stored at a sales or storage facility which has been registered with the division of gambling enforcement. No gambling equipment may be moved from the facility unless the gambling equipment has been first registered with the board.

(b) All sales and storage facilities owned, leased, used, or operated by a licensed distributor may be entered upon and inspected by the employees of the division of gambling enforcement or the director's authorized representatives during reasonable and regular business hours. Obstruction of, or failure to permit, entry and inspection is cause for revocation or suspension of a distributor's licenses and permits issued under this chapter.

(c) Unregistered gambling equipment and unaffixed registration stamps found at any location in Minnesota other than a registered sales or storage facility are contraband under section 349.2125. *This paragraph does not apply to unregistered gambling equipment being transported in interstate commerce between locations outside this state, if the interstate shipment is verified by a bill of lading or other valid shipping document.*

Subd. 6. [REMOVAL OF EQUIPMENT FROM INVENTORY.] *Authorized employees of the board, the division of gambling enforcement of the department of public safety, and the commissioner of revenue may remove gambling equipment from the inventories of distributors and organizations and test the equipment to determine its compliance with applicable laws and rules. A distributor or organization may return to the manufacturer gambling equipment determined to be in violation of law or rule. The cost to an organization of gambling equipment removed from inventory under this paragraph and found to be in compliance with all applicable law and rules is an allowable expense under section 349.15.*

Sec. 17. Minnesota Statutes 1989 Supplement, section 349.163, as amended by Laws 1989, First Special Session chapter 1, article 13, section 10, is amended to read:

#### 349.163 [LICENSING OF MANUFACTURERS.]

Subdivision 1. [LICENSE REQUIRED.] No manufacturer of gambling equipment may sell any gambling equipment to any person unless the manufacturer has ~~been issued~~ a *current and valid* license by the board under ~~objective~~ *this section and other criteria prescribed by the board by rule.*

*A manufacturer licensed under this section may not also be licensed, directly or indirectly, as a distributor under section 349.161, unless the manufacturer: (1) does not manufacture any gambling equipment other*

than paddlewheels, and (2) was licensed as both a manufacturer and distributor on May 1, 1990.

*Subd. 1a. [QUALIFICATIONS.] A license may not be issued under this section to a person, or to a corporation, firm, or partnership that has as an officer, director, or other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor, a person, who:*

- (1) has been convicted of a felony;*
- (2) has ever been convicted of a felony involving fraud or misrepresentation or a crime involving gambling;*
- (3) has ever been convicted of (i) assault, (ii) any criminal violation involving the use of a firearm, or (iii) making terroristic threats;*
- (4) is or has ever been engaged in an illegal business;*
- (5) owes \$500 or more in delinquent taxes as defined in section 270.72;*
- (6) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or*
- (7) after demand, has not filed tax returns required by the commissioner of revenue.*

*Subd. 2. [LICENSE; FEE.] A license under this section is valid for one year. The annual fee for the license is \$2,500.*

*Subd. 2a. [LICENSES; SUSPENSION, REVOCATION.] The board may suspend a license under this section for a violation of law or board rule. The board may revoke a license under this section for: (1) a willful violation of law or board rule, or (2) a conviction in another jurisdiction for a criminal violation that is related to gambling, or that would be a felony or gross misdemeanor if committed in this state.*

*Subd. 3. [PROHIBITED SALES.] A manufacturer may not:*

- (1) sell gambling equipment to any person not licensed as a distributor unless the manufacturer is also a licensed distributor; ~~or~~*
- (2) sell gambling equipment to a distributor in this state that has the same serial number as another item of gambling equipment of the same type that is sold by that manufacturer for use in this state;*
- (3) sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull-tab on which the manufacturer has not clearly printed the words "For Sale in Minnesota Only;" or*
- (4) sell a pull-tab marked as required in clause (3) to any person inside or outside the state (including the governing body of an Indian tribe) who is not a licensed distributor.*

*Subd. 4. [INSPECTION OF MANUFACTURERS.] Employees of the division and the division of gambling enforcement may inspect the books, records, inventory, and manufacturing operations of a licensed manufacturer without notice during the normal business hours of the manufacturer.*

*Subd. 5. [PULL-TAB AND TIPBOARD FLARES.] (a) A manufacturer may not ship or cause to be shipped into this state any deal of pull-tabs or tipboards that does not have its own individual flare as required for that deal by rule of the board. A person other than a manufacturer may*

not manufacture, alter, modify, or otherwise change a flare for a deal of pull-tabs or tipboards except as allowed by this chapter or board rules.

(b) The flare of each deal of pull-tabs and tipboards sold by a manufacturer in Minnesota must have the Minnesota gambling stamp affixed. The flare, with the stamp affixed, must be placed inside the wrapping of the deal which the flare describes.

(c) Each pull-tab and tipboard flare must bear the following statement, printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers — This pull-tab (or tipboard) game is not legal in Minnesota unless:

— a Minnesota gambling stamp is affixed to this sheet, and

— the serial number handwritten on the gambling stamp is the same as the serial number printed on this sheet, and on the pull-tab (or tipboard) ticket you have purchased."

(d) The flare of each pull-tab and tipboard game must bear the serial number of the game, printed in numbers at least one-half inch high.

(e) The flare of each pull-tab and tipboard game must be imprinted at the bottom with a bar code that provides:

- (1) the name of the game;
- (2) the serial number of the game;
- (3) the name of the manufacturer;
- (4) the number of tickets in the deal;
- (5) the odds of winning each prize in the deal; and
- (6) other information the board by rule requires.

The serial number included in the bar code must be the same as the serial number of the tickets included in the deal. A manufacturer who manufactures a deal of pull-tabs must affix to the outside of the box containing that game the same bar code that is imprinted at the bottom of a flare for that deal.

(f) No person may alter the bar code that appears on the outside of a box containing a deal of pull-tabs and tipboards. Possession of a box containing a deal of pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.

Sec. 18. Minnesota Statutes 1989 Supplement, section 349.164, is amended to read:

349.164 [BINGO HALL LICENSES.]

Subdivision 1. [LICENSE REQUIRED.] No person may lease a facility to more than one individual, corporation, partnership, or organization to conduct bingo without ~~having obtained~~ a current and valid bingo hall license under this section; ~~unless the lessor is a licensed organization.~~

Subd. 2. [LICENSE APPLICATION.] The board may issue a bingo hall license to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11

to 349.22. Applications must be on a form the board prescribes. The board may not issue or renew a bingo hall license unless the conditions of section 349.213, subdivision 2, have been satisfied.

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this section to a person, ~~or to a~~ organization, corporation, firm, or partnership that is not the legal owner of the facility, or to a person, organization, corporation, firm, or partnership which has as an officer, director, or other person in a supervisory or management position a person, who:

- (1) has been convicted of a felony ~~within the past five years~~;
- (2) has ever been convicted of a felony involving fraud or misrepresentation or a crime involving gambling; ~~or~~
- (3) ~~has ever been convicted of~~ (i) assault, (ii) any criminal violation involving the use of a firearm, or (iii) making terroristic threats;
- (4) owes delinquent taxes in excess of \$500 as defined in section 270.72; or
- (5) after demand, has not filed tax returns required by the commissioner of revenue.

Subd. 4. [FEES.] The annual fee for a bingo hall license is \$2,500.

Subd. 5. [CRIMINAL HISTORY.] The board may request the assistance of the division of gambling enforcement in investigating the background of an applicant for a bingo hall license and may reimburse the division of gambling enforcement for the costs. The board has access to all criminal history data compiled by the bureau of criminal apprehension and the division of gambling enforcement on licensees and applicants.

Subd. 6. [~~PROHIBITION~~ PROHIBITED ACTS.] No bingo hall licensee, person holding a financial or managerial interest in a bingo hall, or affiliate thereof may ~~also~~:

(1) be a licensed distributor or licensed manufacturer or affiliate of the distributor or manufacturer under section 349.161 or 349.163 or a wholesale distributor of alcoholic beverages;

Subd. 7. [~~RESTRICTIONS~~.] A bingo hall licensee or affiliate of the licensee may not:

~~(1)~~ (2) provide any staff to conduct or assist in the conduct of bingo or any other form of lawful gambling ~~during the bingo occasion on the premises~~;

~~(2)~~ (3) acquire, provide storage or inventory control, or report the use of any gambling equipment used by an organization that conducts bingo lawful gambling on the premises;

~~(3)~~ (4) provide accounting services to an organization conducting bingo lawful gambling on the premises;

~~(4)~~ (5) solicit, suggest, encourage, or make any expenditures of gross receipts of an organization from lawful gambling; ~~or~~

~~(5)~~ (6) charge any fee to a person at a bingo occasion, without which the person could not play a bingo game or participate in another form of lawful gambling on the premises;

(7) provide assistance or participate in the conduct of lawful gambling on the premises; or

(8) permit more than 21 bingo occasions to be conducted on the premises in a week.

Subd. & 7. [LEASES.] All of the remuneration to be received from the organization for the conduct of lawful gambling must be stated in the lease. No amount may be paid by the organization or received by the operator of the bingo hall licensee based on the number of participants attending the bingo occasion or participating in lawful gambling on the premises, or based on the gross receipts or profit received by the organization. All provisions of section 349.18 apply to lawful gambling conducted in bingo halls.

Subd. 9 8. [REVOCATION AND SUSPENSION.] A license under this section may be suspended by the board for a violation of law or board rule or revoked for (1) failure to meet the qualifications in subdivision 3 at any time; or ~~revoked for what the board determines to be~~ (2) a ~~pattern of willful violations~~ violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Sec. 19. [349.1641] [LICENSES; SUMMARY SUSPENSION.]

The board may: (1) summarily suspend the license of an organization that is more than three months late in filing a tax return required under this chapter, and may keep the suspension in effect until all required returns are filed; and (2) summarily suspend for not more than 90 days a license issued by the board or director for what the board determines are actions detrimental to the integrity of lawful gambling in this state. The board must notify the licensee at least 14 days before suspending the license under this paragraph. A contested case hearing must be held within 20 days of the summary suspension and the administrative law judge's report must be issued within 20 days after the close of the hearing record. In all cases involving summary suspension, the board must issue its final decision within 30 days after receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61. When an organization's license is suspended or revoked under this subdivision, the board shall within three days notify all municipalities in which the organization's gambling premises are located, and all licensed distributors in the state.

Sec. 20. [349.165] [PREMISES PERMITS.]

Subdivision 1. [PREMISES PERMIT REQUIRED; APPLICATION.] A licensed organization may not conduct lawful gambling at any site unless it has first obtained from the board a premises permit for the site. The board shall prescribe a form for permit applications, and each application for a permit must be submitted on a separate form. The board may by rule limit the number of premises permits that may be issued to an organization.

Subd. 2. [CONTENTS OF APPLICATION.] An application for a premises permit must contain:

(1) the name and address of the applying organization and of the organization's gambling manager;

(2) a description of the site for which the permit is sought, including its address and, where applicable, its placement within another premises or establishment;

(3) if the site is leased, the name and address of the lessor and information about the lease the board requires, including all rents and other charges for the use of the site; and

(4) other information the board deems necessary to carry out its purposes.

An organization holding a premises permit must notify the board in writing within ten days whenever any material change is made in the above information.

*Subd. 3. [FEES.] The board may issue four classes of premises permits, corresponding to the classes of licenses authorized under section 349.16, subdivision 6. The annual fee for each class of permit is:*

(1) \$200 for a class A permit;

(2) \$125 for a class B permit;

(3) \$100 for a class C permit; and

(4) \$75 for a class D permit.

*Subd. 4. [IDENTIFICATION OF PREMISES.] No organization may seek or accept assistance from a manufacturer or distributor, or a representative, agent, affiliate, or employee of a manufacturer or distributor, in identifying potential locations for gambling conducted by the organization.*

**Sec. 21. [349.166] [EXEMPTIONS; EXCLUSIONS.]**

*Subdivision 1. [EXCLUSIONS.] (a) Bingo may be conducted without a license and without complying with sections 349.17, subdivision 1, and 349.18, if it is conducted:*

(1) in connection with a county fair, the state fair, or a civic celebration if it is not conducted for more than 12 consecutive days in a calendar year; or

(2) by an organization that conducts four or fewer bingo occasions in a calendar year.

*An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.*

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization without compliance with sections 349.11 to 349.213 if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, a manager is appointed to supervise the bingo, and the manager registers with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750.

*Subd. 2. [EXEMPTIONS.] (a) Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 12, without*

complying with sections 349.151 to 349.16; 349.167; 349.168; 349.18; 349.19; and 349.212 if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization pays a fee of \$25 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, of the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(b) If the organization fails to file a timely report as required by paragraph (a), clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this paragraph if a report is later filed and the penalty paid.

(c) Merchandise prizes must be valued at their fair market value.

(d) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(e) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 349.212, subdivision 4, paragraph (c), must return to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

Subd. 3. [RAFFLES; CERTAIN ORGANIZATIONS.] Sections 349.21 and 349.211, subdivision 3, and the membership requirements of sections 349.14 and 349.20 do not apply to raffles conducted by an organization that directly or under contract to the state or a political subdivision delivers health or social services and that is a 501(c)(3) organization if the prizes awarded in the raffles are real or personal property donated by an individual, firm, or other organization. The person who accounts for the gross receipts, expenses, and profits of the raffles may be the same person who accounts for other funds of the organization.

Subd. 4. [TAXATION.] An organization's receipts from lawful gambling that is exempt from licensing under this section are not subject to the tax imposed by section 297A.02 or 349.212.



## Sec. 22. [349.167] [GAMBLING MANAGERS.]

*Subdivision 1. [GAMBLING MANAGER REQUIRED.] (a) All lawful gambling conducted by a licensed organization must be under the supervision of a gambling manager. A gambling manager designated by an organization to supervise lawful gambling is responsible for the gross receipts of the organization and for its conduct in compliance with all laws and rules. The organization must maintain, or require the person designated as a gambling manager to maintain, a fidelity bond in the sum or \$25,000 in favor of the organization and the state, conditioned on (1) the faithful performance of the manager's duties; and (2) the payment of all taxes due under this chapter on lawful expenditures of gross profits from lawful gambling. The terms of the bond must provide that notice be given to the board in writing not less than 30 days before its cancellation. In the case of conflicting claims against a bond a claim by the state has preference over a claim by the organization.*

*(b) A person may not act as a gambling manager for more than one organization.*

*(c) An organization may not conduct lawful gambling without having a gambling manager. The board must be notified in writing of a change in gambling managers. Notification must be made within ten days of the date the gambling manager assumes the manager's duties.*

*(d) An organization may not have more than one gambling manager at any time.*

*Subd. 2. [GAMBLING MANAGERS; LICENSES.] No person may serve as a gambling manager for any organization unless the person possesses a valid gambling manager's license from the board. The board may issue a gambling manager's license to a person applying for the license who:*

- (1) has received training as required in subdivision 4;*
- (2) has not been convicted of a felony in a state or federal court;*
- (3) has not at any time within the five years prior to the license application committed any violation of law or board rule which resulted in the revocation of any license issued by the board;*
- (4) has never been convicted in a state or federal court of any criminal violation involving fraud, theft, tax evasion, misrepresentation, or gambling;*
- (5) has never been convicted of (i) assault, (ii) any criminal violation involving the use of a firearm, or (iii) making terroristic threats; and*
- (6) has not engaged in conduct the board determines is contrary to the public health, welfare, or safety or the integrity of lawful gambling.*

*A gambling manager's license is valid for one year unless suspended or revoked. The annual fee for a gambling manager's license is \$100.*

*Subd. 3. [SUSPENSION; REVOCATION.] The board may suspend or revoke, as provided in board rules, a gambling manager's license for a violation of law or board rule. A suspension or revocation is a contested case under sections 14.57 to 14.69 of the administrative procedure act.*

*Subd. 4. [TRAINING OF GAMBLING MANAGERS.] The board shall by rule require all persons licensed as gambling managers to receive periodic training in laws and rules governing lawful gambling. The rules must provide that:*

*(1) a gambling manager must have received training before being issued a new license;*

*(2) a gambling manager applying for a renewal of a license must have received training within the three years before the date of application for the renewal; and*

*(3) the training required by this subdivision may be provided by a person, firm, association, or organization authorized by the board to provide the training.*

*Before authorizing a person, firm, association, or organization to provide training under this subdivision, the board must determine that:*

*(i) the provider and all of the provider's personnel conducting the training are qualified to do so;*

*(ii) the curriculum to be used fully and accurately covers all elements of lawful gambling law and rules that the board determines are necessary for a gambling manager to know and understand;*

*(iii) the fee to be charged for participants in the training sessions is fair and reasonable; and*

*(iv) the training provider has an adequate system for documenting completion of training.*

*The rules may provide for different training requirements for gambling managers based on the class of license held by the gambling manager's organization.*

*The board or the director may provide the training required by this subdivision using employees of the division.*

*Subd. 5. [CRIMINAL HISTORY.] The board may request the assistance of the division of gambling enforcement in the department of public safety in investigating the background of an applicant for a gambling manager's license and may reimburse the division of gambling enforcement for the costs of the investigation. The board has access to all criminal history data compiled by the division of gambling enforcement on licensees and applicants.*

*Subd. 6. [RECRUITMENT OF GAMBLING MANAGERS.] An organization may not seek or accept assistance from a manufacturer or distributor, or from a representative, agent, affiliate, or employee of a manufacturer or distributor, in identifying or recruiting candidates to become a gambling manager for the organization.*

**Sec. 23. [349.168] [GAMBLING EMPLOYEES.]**

*Subdivision 1. [REGISTRATION OF EMPLOYEES.] A person may not receive compensation for participating in the conduct of lawful gambling as an employee of a licensed organization unless the person has first registered with the board on a form the board prescribes. The form must require each registrant to provide: (1) the person's name, address, and social security number; (2) a current photograph; (3) the name, address, and license number of the employing organization; and (4) a listing of all employment in the conduct of lawful gambling within the previous three years, including the name and address of each employing organization and the circumstances under which the employment was terminated.*

*Subd. 2. [IDENTIFICATION OF EMPLOYEES.] The board shall issue*

to each person registering under subdivision 1 a registration number and identification card, which must include the employee's photograph. Each person receiving compensation for the conduct of lawful gambling must wear the identification card provided by the board at all times while conducting the lawful gambling.

*Subd. 3. [COMPENSATION.] Compensation to persons who participate in the conduct of lawful gambling may be paid only to active members of the conducting organization or its auxiliary, or the spouse or surviving spouse of an active member, except that the following persons may receive compensation without being active members: (1) sellers of pull-tabs, tip-boards, raffle tickets, paddlewheel tickets, and bingo paper; (2) accountants performing auditing or bookkeeping services for the organization; and (3) attorneys providing legal services to the organization. The board may by rule allow other persons not active members of the organization to receive compensation.*

*Subd. 4. [AMOUNTS PAID.] The amounts of compensation that may be paid under this section may be provided for in a schedule of compensation adopted by the board by rule. In adopting a schedule, the board must consider the nature of the participation and the types of lawful gambling participated in.*

*Subd. 5. [COMPENSATION RECORDS.] An organization paying compensation to persons who participate in the conduct of lawful gambling must maintain a compensation record. The record must be retained for at least two years after the month in which the compensation is paid. The record must itemize each payment made to each recipient of compensation and must include the amount and the full name, address, and membership status of each recipient.*

*Subd. 6. [COMPENSATION PAID BY CHECK.] Compensation paid by an organization in connection with lawful gambling must be in the form of a check drawn on the organization's gambling account, as specified in section 349.19, and paid directly to the employee.*

*Subd. 7. [PENALTY.] (a) An organization that makes payment of compensation, or causes compensation to be made, that violates subdivision 4 must be assessed a civil penalty not to exceed \$1,000 for each violation of subdivision 4. A second violation within 12 months of notification by the board to the organization of the first violation must result in suspension of the organization's gambling license for a period of three months, in addition to any civil penalty assessed. A third violation within 12 months of the board's notification to the organization of the second violation must result in revocation of the organization's gambling license in addition to any civil penalty assessed.*

*(b) Upon each violation, the director shall notify the organization in writing of its violation and of the penalties under this subdivision for future violations. Notification is effective upon mailing.*

*(c) For purposes of this subdivision, a violation consists of a payroll period or compensation date that includes payments made in violation of subdivision 4.*

*Subd. 8. [PERCENTAGE OF GROSS PROFIT PAID.] A licensed organization may pay a percentage of the gross profit from raffle ticket sales to a nonprofit organization that sells raffle tickets for the licensed organization.*

Sec. 24. Minnesota Statutes 1988, section 349.17, as amended by Laws 1989, chapter 334, article 2, section 26, is amended to read:

349.17 [CONDUCT OF BINGO.]

Subdivision 1. [BINGO OCCASIONS.] Not more than ~~six~~ *seven* bingo occasions each week may be conducted by an organization. At least 15 bingo games must be held at each occasion and a bingo occasion must continue for at least 1-1/2 hours but not more than four consecutive hours.

Subd. 2. [BINGO ON LEASED PREMISES.] ~~(a) A person or corporation, other than an organization, which leases any premises that it owns to two or more organizations for purposes including the conduct of bingo occasions, may not allow more than 18 bingo occasions to be conducted on the premises in any week.~~

~~(b) If an organization conducts bingo on premises it does not own, the organization must provide the board with the name of the owner and lessor of the premises, copies of all agreements between the organization and the owner or lessor, and the names of employees of the owner or lessor who will be responsible for the premises during the bingo occasion held by the organization.~~

~~(c) During any bingo occasion held conducted by an organization on premises it does not own, the organization shall be is directly responsible for the:~~

- ~~(1) staffing of the bingo occasion;~~
- ~~(2) conducting of lawful gambling during the bingo occasion;~~
- ~~(3) acquiring, storage, inventory control, and reporting of all gambling equipment used by the organization; and~~
- ~~(4) receipt, accounting, and all expenditures of gross receipts from lawful gambling; and~~
- ~~(5) preparation of the bingo packets.~~

Subd. 2a. [DISTRIBUTOR LICENSE EXEMPTION FOR LESSOR.] As part of a lease agreement on a leased bingo premises, the lessor may furnish bingo equipment without being a licensed distributor. For purposes of this section, "furnish" does not include the right to sell or offer for sale.

Subd. 3. Each bingo winner must be determined and every prize shall be awarded and delivered the same day on which the bingo occasion is conducted.

Subd. 4. [CHECKERS.] One or more checkers must be engaged for each bingo occasion. The checker or checkers must record, on a form the board provides, the number of cards played in each game and the prizes awarded to recorded cards. The form must provide for the inclusion of the registration number of each card and must include a checker's certification that the figures recorded are correct to the best of the checker's knowledge.

Subd. 5. [BINGO CARD NUMBERING.] *(a) The board shall by rule require that licensed organizations: (1) conduct bingo using liquid daubers on cards that bear an individual number recorded by the distributor; (2) sell bingo cards only in the order of the numbers appearing on the cards; and (3) use a bingo card for no more than one bingo occasion.*

*(b) The requirements of paragraph (a) do not apply to a licensed organization that has never received gross receipts from bingo in excess of \$125,000 in a year and does not pay compensation to one or more persons for participating in the conduct of lawful gambling.*

Sec. 25. [349.172] [PULL-TABS; INFORMATION REQUIRED TO BE POSTED.]

*An organization selling pull-tabs, other than plays on a video pull-tab device, must post for each deal of pull-tabs all major prizes that have been awarded for pull-tabs purchased from that deal. The information must be posted prominently at the point of sale of the deal. An easily legible pull-tab flare that lists prizes in that deal, and on which prizes are marked or crossed off as they are awarded, satisfies the requirement of this section that major prizes be posted, provided that a separate flare is posted for each deal of pull-tabs. An organization must post or mark off each major prize immediately upon awarding the prize. A "major prize" in a deal of pull-tabs is any prize that is at least 50 times the face value of any pull-tab in the deal.*

Sec. 26. Minnesota Statutes 1988, section 349.18, as amended by Laws 1989, chapter 334, article 2, sections 27 and 28, is amended to read:

349.18 [PREMISES USED FOR GAMBLING.]

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED.] An organization may conduct lawful gambling only on premises it owns or leases. Leases must be for a period of one year and must be ~~in writing~~ *on a form prescribed by the board*. Copies of all leases must be made available to employees of the division and the division of gambling enforcement on request. A lease may not provide for payments determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.

No person, distributor, manufacturer, lessor, or organization other than the licensed organization leasing the space may conduct any activity ~~in a~~ *on the leased space premises* during times when lawful gambling is being conducted ~~in the space on the premises~~.

Subd. 1a. [STORAGE OF GAMBLING EQUIPMENT.] (a) Gambling equipment owned by or in the possession of ~~a licensed~~ *an* organization must be kept at a licensed gambling premises owned or operated by the organization, or at other storage sites within the state that the organization has notified the board are being used as gambling equipment storage sites. At each storage site or licensed premises, the organization must have the invoices or true and correct copies of the invoices for the purchase of all gambling equipment at the site or premises. *Gambling equipment owned by an organization may not be kept at a distributor's office, warehouse, storage unit, or other place of the distributor's business.*

(b) Gambling equipment, other than devices for selecting bingo numbers, owned by ~~a licensed~~ *an* organization must be *secured and kept separate* from gambling equipment owned by other persons, organizations, distributors, or manufacturers ~~consistent with the organization's internal controls filed with the board~~.

(c) Gambling equipment kept in violation of this subdivision is contraband under section 349.2125.

(d) ~~A licensed~~ An organization may transport gambling equipment it owns or possesses between approved gambling equipment storage sites and to and from licensed distributors.

Subd. 2. [EXCEPTIONS.] (a) ~~A licensed~~ An organization may conduct raffles on a premise it does not own or lease.

(b) ~~A licensed~~ An organization may with the permission of the board, conduct bingo on premises it does not own or lease for up to ~~six~~ 12 consecutive days in a calendar year, in connection with a county fair, the state fair, or ~~even~~ a civic celebration.

(c) A licensed organization may, after compliance with section 349.213, conduct lawful gambling on premises other than the organization's licensed premise for one day per year for not more than 12 hours that day. A lease for that time period for the exempted premises must accompany the request to the board.

Subd. 3. [PROCEEDS FROM RENTAL.] Rental proceeds from premises owned by a ~~licensed~~ an organization and leased or ~~subleased~~ to one or more other ~~licensed~~ organizations for the purposes of conducting lawful gambling shall not be reported as gambling proceeds under this chapter.

Subd. 4. [PROHIBITION.] (a) *An organization may not pay rent to itself or to any of its affiliates for use of space for conducting lawful gambling.*

(b) *An organization may not pay rent for space for conducting lawful gambling from any account or fund other than the organization's separate gambling account.*

Subd. 5. [CERTAIN AGREEMENTS PROHIBITED.] *An organization may not enter into or be a party to a lending agreement under which the organization's receipts from lawful gambling are pledged as collateral for a loan.*

Sec. 27. Minnesota Statutes 1988, section 349.19, as amended by Laws 1989, chapter 334, article 2, sections 29, 30, 32, and 33, and Laws 1989, First Special Session chapter 1, article 13, section 11, is amended to read:

#### 349.19 [RECORDS AND REPORTS.]

Subdivision 1. [REQUIRED RECORD OF RECEIPTS.] A licensed organization must keep a record of each occasion on which it conducts gambling, including each bingo occasion and each day on which other forms of lawful gambling are conducted. The record must include gross receipts, quantities of free plays if any, expenses, prizes, and ~~profits~~ gross profit. The board may by rule provide for the methods by which expenses are documented. ~~Gross receipts for bingo include any amount received by the organization which has been paid by a person at the bingo occasion to play the game, without which the player could not play the game.~~ In the case of bingo, gross receipts must be compared to the checkers' records for the occasion by a person who did not sell cards for the occasion. Separate records must be kept for bingo and all other forms of lawful gambling.

Subd. 2. [ACCOUNTS.] Gross receipts from lawful gambling by each organization at each ~~licensed~~ permitted premises must be segregated from all other revenues of the conducting organization and placed in a separate account. The name and address of the bank and the account number for

that separate account for that licensed premises, and the names of organization members authorized as signatories on the separate account must be provided to the board when the application is submitted. Changes in the information must be submitted to the board at least ten days before the change is made. Gambling receipts must be deposited into the gambling bank account within ~~one business day~~ *three days* of completion of the bingo occasion, deal, or game from which they are received, and deposit records must be sufficient to allow determination of deposits made from each bingo occasion, deal, or game. The person who accounts for gambling gross receipts and profits may not be the same person who accounts for other revenues of the organization.

Subd. 3. [EXPENDITURES.] All expenditures of gross profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment, *and must be in compliance with section 349.154*. Authorization of the expenditures must be recorded in the ~~regular~~ *monthly* meeting minutes of the licensed organization. *Checks for expenditures of gross profits must be signed by at least two persons authorized by board rules to sign the checks.*

Subd. 4. [DISCREPANCIES.] If at a bingo occasion a discrepancy of more than \$20 is found between the gross receipts as reported by the checkers and the gross receipts determined by adding the cash receipts, the discrepancy must be reported to the board within five days of the bingo occasion.

Subd. 5. [REPORTS.] A licensed organization must report to the board and to its membership monthly, or quarterly in the case of a licensed organization which does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. The reports must be on a form the board prescribes. *Submission of the report required by section 13 satisfies the requirement for reporting monthly to the board on expenditure of net profits.*

Subd. 6. [PRESERVATION OF RECORDS.] Records required to be kept by this section must be preserved by a licensed organization for at least 3-1/2 years and may be inspected by the commissioner of revenue, the commissioner of gaming, or the commissioner of public safety at any reasonable time without notice or a search warrant.

Subd. 7. [TAX RECORDS.] The board may by rule require each licensed organization to provide copies of forms it files with the United States department of the treasury which are required for organizations exempt from income tax.

Subd. 8. [TERMINATION PLAN.] Upon termination of a license for any reason, a licensed organization must notify the board in writing within 15 calendar days of the license termination date of its plan for disposal of registered gambling equipment and distribution of remaining gambling proceeds. Before implementation, a plan must be approved by the board. The board may accept or reject a plan and order submission of a new plan or amend a proposed plan. The board may specify a time for submission of new or amended plans or for completion of an accepted plan.

Subd. 9. [~~ANNUAL AUDIT; FILING REQUIREMENT.~~] ~~An organization licensed under this chapter must have an annual~~ *The board may require an organization to have a financial audit of its lawful gambling activities and funds performed by an independent auditor licensed by the state of Minnesota or performed by an independent accountant who has had prior approval of the board. A complete, true, and correct copy of the audit report must be filed with the board upon completion of the audit.*

Subd. 10. [PULL-TAB RECORDS.] *The board shall by rule require a licensed organization to require each winner of a pull-tab prize of \$50 or more to present identification in the form of a drivers license, Minnesota identification card, or other identification the board deems sufficient to allow the identification and tracing of the winner. The rule must require the organization to retain winning pull-tabs of \$50 or more, and the identification of the winner of the pull-tab, for 3-1/2 years.*

Subd. 11. [INFORMATION MADE PART OF ORGANIZATION MINUTES.] *A licensed organization which receives a copy of a written audit under subdivision 9, or an audit or compliance report prepared by an agency of the state, must place the audit report or compliance report in the minutes of the next meeting of the organization following receipt of the report. Copies of such minutes must be made available to all members of the organization upon request.*

Sec. 28. Minnesota Statutes Second 1989 Supplement, section 349.212, subdivision 2, is amended to read:

Subd. 2. [COLLECTION; DISPOSITION.] *The taxes imposed by this section are due and payable to the commissioner of revenue at the time when the gambling tax return is required to be filed. Returns covering the taxes imposed under this section must be filed with the commissioner of revenue on or before the 20th day of the month following the close of the previous calendar month. The commissioner may require that the returns be filed via magnetic media or electronic data transfer. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.21 and 349.211, 349.212, and 349.213, must be paid to the state treasurer for deposit in the general fund.*

Sec. 29. Minnesota Statutes 1989 Supplement, section 349.2122, is amended to read:

349.2122 [MANUFACTURERS; REPORTS TO THE COMMISSIONER OF REVENUE; PENALTY.]

*A manufacturer licensed with by the board who sells pull-tabs and tipboards to a licensed 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 any person in the state, including the established governing body of Indian tribes recognized by the United States Department of the Interior. The report must be filed monthly on or before the 25th day of the month succeeding the month in which the sale was made. The commissioner may require that the report be submitted via magnetic media or electronic data transfer. The commissioner of revenue may inspect the books, records, and inventory of a licensed manufacturer without notice during the normal business hours of the manufacturer. Any person violating this section shall be guilty of a misdemeanor.*

Sec. 30. Minnesota Statutes 1988, section 349.2123, is amended to read:



## 349.2123 [CERTIFIED PHYSICAL INVENTORY.]

The *board or commissioner of revenue* may, upon request, require a ~~licensed distributor~~ to furnish a certified physical inventory of ~~the pull-tabs and tipboards~~ *all gambling equipment* in stock. The inventory must contain the information required by the *board or the commissioner*.

Sec. 31. Minnesota Statutes 1989 Supplement, section 349.213, is amended to read:

## 349.213 [LOCAL AUTHORITY.]

Subdivision 1. [LOCAL REGULATION.] (a) A statutory or home rule city or county has the authority to adopt more stringent regulation of ~~any form of~~ lawful gambling within its jurisdiction, including the prohibition of ~~any form of~~ lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section 349.214. The fee for a permit issued under this subdivision may not exceed \$100. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations or sales by distributors licensed by the board. The authority granted by this subdivision does not include the authority to require an organization to make specific expenditures of more than ten percent from its net profits derived from lawful gambling. For the purposes of this subdivision, net profits are profits less amounts expended for allowable expenses. A statutory or home rule charter city or a county may not require an organization conducting lawful gambling within its jurisdiction to make an expenditure to the city or county as a condition to operate within that city or county, except as authorized under section 349.16, subdivision 4, or 349.212; provided, however, that an ordinance requirement that such organizations must contribute ten percent of their net profits derived from lawful gambling to a fund administered and regulated by the responsible local unit of government without cost to such fund, for disbursement by the responsible local unit of government of the receipts for lawful purposes, is not considered an expenditure to the city or county nor a tax under section 349.212, and is valid and lawful.

(b) A statutory or home rule city or county may by ordinance require that a licensed organization conducting lawful gambling within its jurisdiction expend all or a portion of its expenditures for lawful purposes on lawful purposes conducted or located within the city's or county's trade area. Such an ordinance must define the city's or county's trade area and must specify the percentage of lawful purpose expenditures which must be expended within the trade area. *A trade area defined by a city under this subdivision must include each city contiguous to the defining city.*

(c) *A more stringent regulation or prohibition of lawful gambling adopted by a political subdivision under this subdivision must apply equally to all forms of lawful gambling within the jurisdiction of the political subdivision.*

Subd. 2. [LOCAL APPROVAL.] Before issuing or renewing ~~an organization license~~ a premises permit or bingo hall license, the board must notify the city council of the statutory or home rule city in which the organization's premises or the bingo hall is located or, if the premises or hall is located outside a city, the county board of the county and the town board of the town where the premises or hall is located. The board may require organizations *or bingo halls* to notify the appropriate local government at the time of application. This required notification is sufficient to constitute the notice required by this subdivision. ~~If the city council or county board~~

~~adopts a resolution disapproving the license and so informs the board within 60 days of receiving notice of the application, the license may not be issued or renewed. The board may not issue or renew a premises permit or bingo hall license unless the organization submits a resolution from the city council or county board approving the premises permit or bingo hall license. The resolution must have been adopted within 60 days of the date of application for the new or renewed permit or license.~~

Sec. 32. Minnesota Statutes 1988, section 349.30, subdivision 2, is amended to read:

Subd. 2. "Gambling devices" means slot machines, roulette wheels, punchboards, and pin ball machines which return coins or slugs, chips, or tokens of any kind, which are redeemable in merchandise or cash device" has the meaning given it in section 609.75, subdivision 4.

Sec. 33. Minnesota Statutes 1988, section 349.31, is amended to read:  
349.31 [GAMBLING DEVICE; POSSESSION OF]

Subdivision 1. [INTENTIONAL POSSESSION; WILLFUL KEEPING.] The intentional possession or willful keeping of a gambling device on a licensed premises is cause for the *suspension* or revocation of any license under which the licensed business is carried on upon the premises where the gambling device is found, provided that possession of gambling equipment as defined in section 349.12, subdivision 17, which is used for lawful gambling authorized by this chapter, and the manufacture of gambling devices for use in jurisdictions where use of the gambling device is legal as provided for by section 349.40 shall not be cause for revocation of a license.

Subd. 2. [SUSPENSION AND REVOCATION OF LICENSES.] All licenses under which any licensed business is permitted to be carried on upon the licensed premises shall be *suspended* or revoked if the intentional possession or willful keeping of any such gambling devices upon the licensed premises is established, notwithstanding that it may not be made to appear that such devices have actually been used or operated for the purpose of gambling.

Sec. 34. Minnesota Statutes 1988, section 349.32, is amended to read:  
349.32 [ISSUING AUTHORITY TO SUSPEND OR REVOKE.]

The proceedings for *suspension* or revocation ~~shall be had~~ are held before the issuing authority, which ~~shall have~~ has the power to *suspend* or revoke the license or licenses involved, as hereinafter provided.

Sec. 35. Minnesota Statutes 1988, section 349.34, is amended to read:  
349.34 [PROCEEDINGS BEFORE ISSUING AUTHORITY; ORDER TO SHOW CAUSE.]

~~Upon the receipt of such information from any of the peace officers referred to in section 349.33, if any~~ If an issuing authority, on receipt of information from a peace officer described in section 349.33, is of the opinion that cause exists for the *suspension* or revocation of any such a license, ~~then that~~ the authority shall issue an order to show cause directed to the licensee of the premises, stating the ground upon which the proceeding is based and requiring the licensee to appear and show cause at a time and place, within the county in which the licensed premises are located, not less than ten days after the date of the order, why the license should

not be *suspended or* revoked. That order to show cause shall be served upon the licensee in the manner prescribed by law for the service of summons in a civil action, or by certified mail, not less than eight days before the date fixed for the hearing thereof. A copy of the order shall forthwith be mailed to the owner of the premises, as shown by the records in the office of the county recorder, at the owner's last known post office address. A copy of the order shall at the same time be mailed to any other issuing authority, of which the authority issuing the order to show cause has knowledge, by which other license to that licensee may have been issued, and any such other authority may participate in the *suspension or* revocation proceedings after notifying the licensee and the officer or authority holding the hearing of its intention so to do on or before the date of hearing, and after the hearing take such action as it could have taken had it instituted the *suspension or* revocation proceedings in the first instance.

Sec. 36. Minnesota Statutes 1988, section 349.35, subdivision 1, is amended to read:

Subdivision 1. [*SUSPENSION; REVOCATION; STAY; APPEAL.*] If, upon the hearing of the order to show cause, it appears that the licensee intentionally possessed or willfully kept upon the licensed premises any gambling device, then the license or licenses under which the licensed business is operated on the licensed premises, shall be *suspended or* revoked. The order of *suspension or* revocation shall not be enforced during the period allowed by section 349.39 for taking an appeal.

Sec. 37. Minnesota Statutes 1988, section 349.36, is amended to read:

349.36 [*DUTIES OF COUNTY ATTORNEY.*]

The county attorney of the county in which the hearing is held, *or the city attorney if the issuing authority is the city*, shall attend the hearing, interrogate the witnesses, ~~and~~ advise the issuing authority: ~~The county attorney shall also, and~~ appear for the issuing authority on any appeal taken pursuant to the provisions of section 349.39.

Sec. 38. Minnesota Statutes 1988, section 349.38, is amended to read:

349.38 [*PROPERTY OWNERS LIABILITY.*]

When a license is *suspended or* revoked under the provisions of sections 349.30 to 349.39, the owner of the premises upon which any licensed business has been operated shall not be penalized by reason thereof unless it is established that the owner had knowledge of the existence of the gambling devices resulting in license *suspension or* revocation.

Sec. 39. Minnesota Statutes 1988, section 349.39, is amended to read:

349.39 [*APPEAL TO DISTRICT COURT; STAY; CONTINUANCE UNDER BOND; HEARING UPON ONE YEAR LIMITATION ON PREMISES.*]

Any licensee, or any owner of licensed premises, aggrieved by an order of an issuing authority *suspending or* revoking any license may appeal from that order to the district court of the county in which the licensee resides by serving a notice of the appeal upon the issuing authority or the clerk thereof. The notice of appeal shall state that the person appealing takes an appeal to that district court from the order *suspending or* revoking the license or licenses, describing them and identifying the order appealed from. This notice shall be served within 15 days from the date of service

of the order appealed from, and the same, with proof of service thereof, shall be filed with the court administrator of the district court of the proper county. The appeal shall stand for trial at the next term of the district court following the filing of the notice of appeal, without the service of any notice of trial, and shall be tried in the district court de novo. The trial shall be by jury if the appellant shall so demand. The licensee may continue to operate the licensed business or businesses until the final disposition of such appeal. If the district court upon the appeal shall determine that any license involved in the appeal should be *suspended or revoked*, it may, nevertheless, in its discretion permit the continuance of the licensed business under a bond in the amount and in the form and containing the conditions prescribed by the court. The district court on the appeal, or in a separate proceeding, may permit the issuance of a new license to a different licensee before the expiration of the period of one year specified in section 349.35, subdivision 2, upon such terms and conditions imposed by the court as will insure that no gambling device shall thereafter be maintained upon the licensed premises.

Sec. 40. Minnesota Statutes 1988, section 349.50, subdivision 8, is amended to read:

Subd. 8. [VIDEO GAME OF CHANCE.] "Video game of chance" means games or devices that simulate games commonly referred to

as poker, blackjack, craps, hi-lo, roulette or other common gambling forms, though not offering any type of pecuniary award or gain to players. The term also includes any video game having one or more of the following characteristics:

- (1) it is primarily a game of chance, and has no substantial elements of skill involved;
- (2) it awards game credits or replays and contains a meter or device which records unplayed credits or replays ~~and contains a device that permits them to be canceled.~~

Sec. 41. Minnesota Statutes 1988, section 349.55, is amended to read:  
349.55 [GAME SPECIFICATIONS.]

No payment may be made directly from any game or in connection with the operation of any device. Each game must contain a random character generator, and any internal meter must be nonresetable. ~~Any game canceling replays or credits must cancel them no more than one at a time. A video game of chance may not contain or have attached to it any switch, lever, button, or other device capable of canceling replays or credits in any way other than by playing the game offered by the machine. A person may not cancel replays or credits on a video game of chance in any way other than by playing the game offered by the machine.~~

Sec. 42. Minnesota Statutes 1989 Supplement, section 349A.02, subdivision 5, is amended to read:

Subd. 5. [~~COMPENSATION INCENTIVE PLAN.~~] ~~The compensation of employees in the division is as provided in chapter 43A. Subject to the provisions of section 43A.18, subdivision 1, the commissioner of employee relations director may, at the request of the director, develop and implement a plan for making incentive payments to employees of the division whose primary responsibilities are in marketing.~~

Sec. 43. Minnesota Statutes 1989 Supplement, section 349A.06, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] (a) The director may not contract with a retailer who:

- (1) is under the age of 18;
- (2) is in business solely as a seller of lottery tickets;
- (3) owes \$500 or more in delinquent taxes as defined in section 270.72;
- (4) has been convicted within the previous five years of a felony or gross misdemeanor, any crime involving fraud or misrepresentation, or a gambling-related offense;
- (5) is a member of the immediate family, residing in the same household, as the director, board member, or any employee of the division; ~~or~~
- (6) in the director's judgment does not have the financial stability or responsibility to act as a lottery retailer, or whose contracting as a lottery retailer would adversely affect the public health, welfare, and safety, or endanger the security and integrity of the lottery; *or*
- (7) *is a currency exchange, as defined in section 53A.01.*

*A contract entered into before August 1, 1991, that violates clause (7) may continue in effect until its expiration but may not be renewed.*

(b) An organization, firm, partnership, or corporation that has a stockholder who owns more than five percent of the business or the stock of the corporation, an officer, or director, that does not meet the requirements of paragraph (a), clause (4), is not eligible to be a lottery retailer under this section.

(c) The restrictions under paragraph (a), clause (4), do not apply to an organization, partnership, or corporation if the director determines that the organization, partnership, or firm has terminated its relationship with the individual whose actions directly contributed to the disqualification under this subdivision.

Sec. 44. Minnesota Statutes 1989 Supplement, section 349A.06, subdivision 4, is amended to read:

Subd. 4. [CRIMINAL HISTORY.] The director may request the director of gambling enforcement to investigate all applicants for lottery retailer contracts to determine their compliance with the requirements of subdivision 2. The director may issue a temporary contract, valid for not more than 90 days, to an applicant pending the completion of the investigation or a final determination of qualifications under this section. *The director has access to all criminal history data compiled by the director of gambling enforcement on: (1) a person holding or applying for a retailer contract, (2) a person holding a lottery vendor contract or who has submitted a bid on such a contract, and (3) a person applying for employment with the lottery.*

Sec. 45. Minnesota Statutes 1988, section 609.75, subdivision 4, is amended to read:

Subd. 4. [GAMBLING DEVICE.] A gambling device is a contrivance which for a consideration affords the player an opportunity to obtain something of value, other than free plays, automatically from the machine or

otherwise, the award of which is determined principally by chance. "Gambling device" includes any video game of chance, as defined in section 349.50, subdivision 8, that is not in compliance with sections 349.50 to 349.60.

Sec. 46. Laws 1989, First Special Session chapter 1, article 13, section 27, is amended to read:

Sec. 27. [STATE TO BE SUPPLIER OF GAMBLING EQUIPMENT.]

~~Notwithstanding any other law to the contrary,~~ After June 30, ~~1990~~ 1993, the state of Minnesota will be the sole supplier of all gambling equipment under Minnesota Statutes, chapter 349. The commissioner of revenue shall no later than ~~January 15, 1990~~ December 7, 1992, submit to the legislature a bill making all statutory changes required to implement this section including proposing the required staff and appropriation. The bill shall include provisions requiring the state to provide an adequate supply and variety of gambling equipment and to supply it efficiently. The commissioner of revenue shall provide copies of this bill to the chair of the house of representatives tax committee and to the chair of the senate committee on taxes and tax laws. Notwithstanding any contrary requirements of Minnesota Statutes, section 3C.035, subdivision 2, the revisor shall assess the commissioner of revenue for the actual cost of bill drafting services rendered to the department with respect to the bill required by this section.

Sec. 47. [TRANSFER OF GAMBLING EQUIPMENT.]

*Until January 1, 1991, Minnesota Statutes, section 349.2127, subdivision 4, does not prohibit the otherwise lawful transfer of gambling equipment to a licensed facility located in Minnesota from a facility located in an adjoining state that is owned and operated by the licensed Minnesota distributor who makes the transfer.*

Sec. 48. [PULL-TABS; DEADLINE FOR USE.]

*A deal of pull-tabs or tipboards received by an organization before September 1, 1989, must be put into play by the organization before September 1, 1990, unless the deal bears a serial number that allows it to be traced back to the manufacturer and to the distributor who sold the deal to the organization. An organization in possession after August 31, 1990, of a deal of pull-tabs and tipboards the organization received before September 1, 1989, may not put the deal in play and must remove it from the organization's inventory and return it to the manufacturer.*

Sec. 49. [REPEALER.]

*(a) Minnesota Statutes 1988, sections 349.14; and 349.214, subdivisions 1, 1a, 3, and 4; and Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2, are repealed.*

*(b) Minnesota Statutes 1989 Supplement, sections 349.20 and 349.21, are repealed.*

Sec. 50. [EFFECTIVE DATE.]

*Sections 46, 47, and 48 are effective the day following final enactment. Sections 16, 17, 23, 24, 25, and 49, paragraph (b), are effective January 1, 1991.*

ARTICLE 2  
PENALTY PROVISIONS"

Amend the title accordingly

Mr. Stumpf moved to amend the Lantry amendment to H.F. No. 1891 as follows:

Pages 48 and 49, delete section 46

Page 49, line 36, delete the second "and"

Page 50, line 1, after "2" insert " ; *and Laws 1989, First Special Session chapter 1, article 13, section 27*"

Renumber the sections of article 1 in sequence and correct the internal references

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

CALL OF THE SENATE

Mrs. Lantry imposed a call of the Senate for the balance of the proceedings on H.F. No. 1891. The Sergeant at Arms was instructed to bring in the absent members.

Mr. McGowan moved to amend the Lantry amendment to H.F. No. 1891 as follows:

Page 3, line 18, delete everything after "*process*" and insert a semicolon

Page 3, delete line 19

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

Mr. Gustafson moved to amend the Lantry amendment to H.F. No. 1891 as follows:

Page 36, line 22, before the period, insert "*unless authorized by the board*"

Page 49, after line 33, insert:

"Sec. 49. [LOAN AGREEMENTS.]

*Section 26, subdivision 5, does not apply to lending agreements executed before August 1, 1990.*"

Renumber the sections of article 1 in sequence and correct the internal references

Mrs. Lantry requested division of the amendment as follows:

First portion:

Page 36, line 22, before the period, insert "*unless authorized by the board*"

Second portion:

Page 49, after line 33, insert:

"Sec. 49. [LOAN AGREEMENTS.]

*Section 26, subdivision 5, does not apply to lending agreements executed before August 1, 1990.*"

Renumber the sections of article 1 in sequence and correct the internal references

Mr. Gustafson withdrew the first portion of his amendment.

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

Mr. Samuelson moved to amend the Lantry amendment to H.F. No. 1891 as follows:

Page 3, line 34, delete "and"

Page 3, line 35, before the semicolon, insert ", and the tax imposed by section 349.212, subdivision 4"

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

Mr. Johnson, D.E. moved to amend the Lantry amendment to H.F. No. 1891 as follows:

Page 49, after line 33, insert:

"Sec. 49. [APPROPRIATIONS.]

*Subdivision 1. The sums shown in this section are appropriated from the general fund to the agencies and for the purposes indicated, to be available for the fiscal year ending June 30 in the years indicated.*

1990

1991

*Subd. 2. PUBLIC SAFETY*

\$1,078,000

*The approved complement of the department of public safety is increased by nine positions.*

*This appropriation includes money to fully fund the department's current approved complement of 12 positions, as well as to enforce the criminal laws relating to gambling, conduct background investigations, and train local law enforcement agencies.*

*Appropriations previously made to the department of public safety to enforce lawful gambling regulations in fiscal year 1990 do not cancel and are available for the second year of the biennium.*

*Subd. 3. GAMING*

1,623,000

*The approved complement of the department of gaming is increased by 30 positions.*

*This appropriation is to assist organizations that conduct lawful gambling activities to comply with state laws and regulations.*

*Subd. 4. ATTORNEY GENERAL*

45,000



*The approved complement of the office of attorney general is increased by one position.*

*This appropriation is to assist other agencies with gambling-related legal matters.*

*Subd. 5. REVENUE*

50,000

350,000

*The approved complement of the department of revenue is increased by seven positions.*

*This appropriation is to oversee tax compliance of organizations involved with lawful gambling.”*

Remember the sections of article 1 in sequence and correct the internal references

The question was taken on the adoption of the Johnson, D.E. amendment to the Lantry amendment.

The roll was called, and there were yeas 21 and nays 39, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Laidig	Mehrkens	Storm
Belanger	Frederick	Larson	Olson	
Benson	Gustafson	Lessard	Pariseau	
Bernhagen	Johnson, D.E.	McGowan	Piepho	
Brataas	Knaak	McQuaid	Ramstad	

Those who voted in the negative were:

Adkins	Davis	Hughes	Metzen	Purfeerst
Beckman	DeCramer	Johnson, D.J.	Moe, R. D.	Renneke
Berg	Dicklich	Kroening	Morse	Samuelson
Berglin	Diessner	Langseth	Novak	Schmitz
Bertram	Frank	Lantry	Pehler	Stumpf
Brandl	Frederickson, D.J.	Luther	Peterson, R.W.	Vickerman
Cohen	Frederickson, D.R.	Marty	Piper	Waldorf
Dahl	Freeman	Merriam	Pogemiller	

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

Mr. Dicklich moved to amend the Lantry amendment to H.F No. 1891 as follows:

Page 13, lines 17 and 18, reinstate the stricken language

Page 19, line 3, before the semicolon, insert “*within the past five years*”

Page 22, lines 2 and 3, reinstate the stricken language

Page 28, line 26, before the semicolon, insert “*within the past five years*”

The question was taken on the adoption of the Dicklich amendment to the Lantry amendment.

The roll was called, and there were yeas 8 and nays 51, as follows:

Those who voted in the affirmative were:

Davis	Johnson, D.J.	Marty	Pogemiller	Samuelson
Dicklich	Langseth	Morse		

Those who voted in the negative were:

Adkins	Decker	Knaak	Metzen	Reichgott
Anderson	DeCramer	Kroening	Moe, R.D.	Renneke
Beckman	Diessner	Laidig	Novak	Schmitz
Berg	Flynn	Lantry	Olson	Storm
Berglin	Frank	Larson	Pariseau	Stumpf
Bernhagen	Frederickson, D.J.	Lessard	Pehler	Vickerman
Bertram	Frederickson, D.R.	Luther	Peterson, R.W.	Waldorf
Brandl	Freeman	McGowan	Piepho	
Brataas	Gustafson	McQuaid	Piper	
Cohen	Hughes	Mehrrens	Purfeerst	
Dahl	Johnson, D.E.	Merriam	Ramstad	

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

The question recurred on the Lantry amendment, as amended. The motion prevailed. So the Lantry amendment, as amended, was adopted.

Mr. DeCramer moved to amend H.F. No. 1891, as amended by the Senate April 18, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1853.)

Page 1, after line 23, insert:

#### "ARTICLE 1

#### REGULATORY PROVISIONS

Section 1. Minnesota Statutes 1988, section 349.12, subdivision 10, is amended to read:

Subd. 10. "Pull-tab" means a single folded or banded ticket or a card with a face covered to conceal one or more numbers or symbols, where one or more of each set of tickets or cards has been designated in advance as a winner. "Pull-tab" also includes a ticket sold in a gambling device known as a ticket jar, *and includes plays on a video pull-tab device.*

Sec. 2. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

*Subd. 10a. [VIDEO PULL-TAB DEVICE.] "Video pull-tab device" means an electronic video device that on the insertion of cash or a token simulates the game of pull-tabs.*

Sec. 3. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

*Subd. 10b. [VIDEO PULL-TAB DEVICE MEMORY CHIP] "Video pull-tab device memory chip" means a memory chip used or intended for use in driving a video pull-tab device.*

Sec. 4. Minnesota Statutes 1989 Supplement, section 349.12, subdivision 15, is amended to read:

Subd. 15. [GAMBLING EQUIPMENT.] "Gambling equipment" means: bingo cards or sheets, devices for selecting bingo numbers, pull-tabs, jar tickets, *video pull-tab devices*, paddlewheels, and tipboards.

Sec. 5. Minnesota Statutes 1988, 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, and also includes a video pull-tab device memory chip.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 349.12, subdivision 19, is amended 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. In the calculation of ideal gross and prizes, a free play ticket shall be valued at face value. *In the case of video pull-tab devices "ideal gross" is the total amount of receipts that can be received by the memory chip driving the device.*

Sec. 7. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 33. [VIDEO PULL-TAB DEVICE WHOLESALER.] "*Video pull-tab device wholesaler*" is a person who purchases video pull-tab devices from a manufacturer and sells them to a distributor.

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 349.161, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for lawful gambling exempt or excluded from licensing ~~under section 349.214~~, except to an organization licensed for lawful gambling;

(2) sell, offer for sale, or furnish gambling equipment ~~to an organization licensed~~ for lawful gambling without having obtained a distributor license under this section;

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter, *or in the case of video pull-tab devices, purchased or obtained from a manufacturer or a video pull-tab device wholesaler*; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

~~No licensed organization may purchase gambling equipment from any person not licensed as a distributor under this section.~~

*Nothing in this subdivision prohibits the otherwise lawful sale of video pull-tab devices to a distributor by a licensed video pull-tab device wholesaler.*

Sec. 9. Minnesota Statutes 1989 Supplement, section 349.161, is amended by adding a subdivision to read:

Subd. 9. [LEASES OF VIDEO PULL-TAB DEVICES.] *For purposes of this section the terms "sell" and "sale" include the lease of a video pull-tab device by a distributor to a licensed organization.*

Sec. 10. [349.1611] [VIDEO PULL-TAB DEVICE WHOLESALER.]

Subdivision 1. [LICENSE REQUIRED.] *A person may not engage in the business of purchasing video pull-tab devices from a manufacturer for sale to a distributor without having obtained a license from the board. The*

board may issue a license to persons who meet the qualifications of this section if the board determines that issuance of the license is consistent with the purposes of sections 349.11 to 349.23. Applications must be on a form the board prescribes. Video pull-tab device wholesaler's licenses are valid for one year. The fee for a video pull-tab device wholesaler's license is \$2,500.

*Subd. 2. [QUALIFICATIONS.] A license may not be issued under this section to a licensed distributor. In addition, a license may not be issued under this section to a person, or to a corporation, firm, or partnership that has as an officer, director, other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor, a person, who:*

- (1) has been convicted of a felony within the last five years;*
- (2) has ever been convicted of a felony involving fraud or misrepresentation or a crime involving gambling;*
- (3) is or has ever been engaged in an illegal business;*
- (4) owes \$500 or more in delinquent taxes as defined in section 270.72;*
- (5) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or*
- (6) after demand, has not filed tax returns required by the commissioner of revenue.*

*Subd. 3. [PROHIBITIONS.] A prohibition applicable to distributors or manufacturers under section 349.161, subdivision 5, applies to video pull-tab device wholesalers.*

*Subd. 4. [REVOCATION; SUSPENSION.] A license under this section may be suspended by the board for a violation of law or board rule. A license under this section may be revoked for failure to meet the qualifications in subdivision 2 at any time or for a willful violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.*

#### **Sec. 11. [349.173] [VIDEO PULL-TAB DEVICES.]**

*Subdivision 1. [LICENSES.] (a) An organization may not operate a video pull-tab device for which the board has not issued a license. An application for a video pull-tab device license must be on a form the board prescribes and must contain the following information:*

- (1) the name, address, and license number of the organization applying for the license;*
- (2) the name, address, and license number of the distributor that will be leasing the device to the applicant;*
- (3) the name and address of the premises on which the device is to be located;*
- (4) the serial number or other identifying number, the model number, and the name of the manufacturer of the device; and*
- (5) other information the board deems necessary to identify the device and insure its compliance with law and board rules.*

*(b) A license issued under this section is valid for one year. The board*

*shall set and charge a fee for each license under this section in an amount sufficient to reimburse the board for its costs in administering and enforcing this section and rules adopted by the board under subdivision 11, other than the costs recovered under subdivision 3. Fee receipts must be credited to a video pull-tab account. Money in the account is appropriated to the board to administer and enforce this section and rules adopted by the board under subdivision 11.*

*(c) A license issued under this section must display all the information required in paragraph (a), clauses (1) to (5).*

*(d) The license must specify by name the persons whom the board has authorized to have access to the device, and the extent of the access. The board may not authorize a person to have access who is not: (1) an active member of the licensed organization applying for the license; (2) a licensed distributor; or (3) an employee of a licensed distributor. A person, other than a licensed peace officer or an authorized employee of the board, the commissioner of revenue or the commissioner of public safety may not obtain or attempt to obtain access to a device or to any of its parts or components unless the person is named on the license and authorized by the board to have access.*

*Subd. 2. [LICENSES; LIMITATIONS.] (a) The board may not have outstanding at any time more than 100 licenses issued under this section. The board shall, in issuing licenses under this section, insure as nearly as practicable that the locations of the licenses are equally divided between locations where paper pull-tabs will also be sold and locations where paper pull-tabs will not be sold.*

*(b) Licenses issued under this section expire July 1, 1993.*

*Subd. 3. [INSPECTION OF DEVICES.] (a) The board may issue a video pull-tab device license only for a device that has first been tested and certified, by a laboratory approved by the board, as being in compliance with all applicable law and rules. The board shall examine and if necessary conduct tests on each video pull-tab device for which a license is applied, and may examine and if necessary conduct tests on any component of the video pull-tab device. The board may request the assistance of the commissioner of public safety or contract for the services of a consultant or testing laboratory in making examinations or conducting tests. The board shall require that the manufacturer of a video pull-tab device pay all costs of examining and testing the device or any of its components.*

*(b) A manufacturer, distributor, or video pull-tab device wholesaler may not sell or lease a video pull-tab device unless the board has determined that the device and all its components are in compliance with all applicable laws and rules.*

*Subd. 4. [DISPLAY OF LICENSE.] An organization operating a video pull-tab device shall prominently display the license on the device at all times when the device is available for play by the public. An organization may display a license only on the device for which it was issued.*

*Subd. 5. [SPECIFICATIONS.] (a) A video pull-tab device approved by the board must be driven by a sealed memory chip displaying or having attached the information the board deems necessary, which must include identification of the manufacturer and the number of plays for which the chip has been programmed. The chip must be secured within the device by a strip of security tape of a type approved by the board, capable of*

*evidencing the removal of the chip from its memory board.*

*(b) A chip must be programmed for a specific number of plays and be incapable of offering any plays in excess of that number. The number of plays programmed onto any chip must be the number on which tax has been paid under section 349.212, subdivision 4. The chip must be programmed to accept only the same price for all plays on the chip. A chip must also have programmed onto it the percentage of plays that are winning plays and the percentage of total receipts on all plays that are returned to players as prizes, and may not be capable of having these percentages altered. Winning plays must be randomly distributed on each chip, and a chip must be designed and programmed in such a way that the location of winning chances cannot be determined in advance. A chip on which all programmed plays have been exhausted must be replaced before the device may again be operated.*

*(c) A video pull-tab device must display, on the video screen or elsewhere, the price of each chance, the percentage of total chances on the chip that are winning chances, and the number of free games or credits awarded for each successful chance. If the information is displayed on the video screen it must be displayed at all times when the machine is operable but not being played. The video pull-tab device memory chip must be programmed to display on the video screen the unique serial number of the chip and a statement that the chip is to be sold only in Minnesota.*

*(d) A video pull-tab device must contain a prize meter with a printer. The prize meter must be capable of dispensing to any player a voucher containing:*

- (1) the name of the establishment where the device is located;*
- (2) the organization operating the device;*
- (3) the license number of the device;*
- (4) a sequential number of the voucher and a separate encrypted validation number;*
- (5) the time and date of the play;*
- (6) the value of any credits won; and*
- (7) other information the board by rule requires.*

*The prize meter must print and retain inside the device a copy of each such voucher issued. The device must not be capable of returning anything to the player other than the voucher.*

*(e) A video pull-tab device must contain electronic accounting meters that are maintained at all times, including when the game is not being supplied with external power. The following information must be recorded and stored on a meter capable of maintaining totals of not less than eight digits:*

- (1) total coins and bills inserted by players, and their value;*
- (2) total credits wagered;*
- (3) total credits won; and*
- (4) total credits paid out by printed ticket voucher.*

*The following information must be recorded and stored on a meter capable of maintaining totals of not less than six digits:*

*(1) the number of times access was obtained to the compartment containing the memory chip;*

*(2) the number of chances played on the memory chip; and*

*(3) the number of cumulative credits representing credits won and money inserted by a player but not redeemed or played off.*

*The electronic accounting meters described in this paragraph may be cleared only by an employee of the board, or by an authorized person in the presence of an employee of the board. The organization to which the device was leased must make a written record of the readings before and after clearing. The record must include the reason why the meter was cleared. A separate record must be made for each meter cleared. If the record is kept by an authorized person, a copy must be provided to the board.*

*(f) A video pull-tab device may not offer any game or gambling form other than the simulation of the game of pull-tabs.*

*(g) A video pull-tab device may not have any functions or parameters adjustable by or through any separate video display or input codes except for the adjustment of wholly cosmetic features.*

*(h) A video pull-tab device must contain a meter and printer that issues, on activation of a switch, an accounting ticket containing the following information:*

*(1) the name of the licensed organization;*

*(2) the location of the device;*

*(3) the license number and manufacturer's serial number of the device;*

*(4) the time and date of the printout;*

*(5) the registration number of the chip driving the device; and*

*(6) the readings from the meter required under paragraph (e).*

*A person may not activate the switch required in this paragraph who is not authorized by the board to do so.*

*Subd. 6. [HARDWARE REQUIREMENTS.] (a) A video pull-tab device must have:*

*(1) a surge protector for all power fed to the device;*

*(2) a power switch located in an accessible place inside the device that controls the electrical current that powers the device;*

*(3) a separate secure compartment for holding coins or currency, with a key or combination different from that used for unlocking any other part of the device; and*

*(4) a battery back-up or its equivalent that allows the electronic meters of the device to maintain accurate readings of the following information for not less than 180 days after power is discontinued to the device:*

*(i) current and total tallies for amounts wagered and paid out;*

*(ii) records of access to the logic board compartment;*

(iii) records of access to the cash and coin compartments; and

(iv) other information the board by rule requires.

(b) A video pull-tab device must not have:

(1) a hardware switch capable of altering the payment tables or payout percentages of the device; or

(2) a mechanism or program that will cause the electronic accounting meters to clear automatically.

(c) A video pull-tab device and its components must not be capable of being adversely affected by static discharge, radio frequency interference, or other electromagnetic interference.

(d) Logic boards, memory chips, and other logic control components of a video pull-tab device must be located in a locked compartment that is separate from any other compartment. The key or combination of this compartment must be different from that used for unlocking any other part of the device.

(e) A video pull-tab device must not be capable of being activated by a credit card.

*Subd. 7. [LOCATIONS.]* (a) An organization may place a video pull-tab device for operation only in a location approved by the board and specified on the license. The board may not approve a location unless the sale of alcoholic beverages at on-sale is authorized at the location under chapter 340A. The board may not allow the placement of more than two video pull-tab devices in any location.

(b) All leases by which a licensed organization leases space in a location for the placement of a video pull-tab device are subject to section 349.18.

(c) The board, the commissioner of revenue, and the commissioner of public safety may inspect at any time a location agreement made between a distributor and a licensed organization governing the terms of leasing a video pull-tab device.

(d) A video pull-tab device must stand where it can readily be observed by employees of the location or persons supervising the device on behalf of a licensed organization.

*Subd. 8. [CONDUCT OF GAMBLING ON VIDEO PULL-TAB DEVICES.]* A person receiving compensation for participating in the conduct of gambling on a video pull-tab device may not gamble on the device while so participating. A person receiving compensation for participating in the conduct of gambling on a video pull-tab device or an employee of the lessor of the premises on which the device is located may not provide any information on the device that would give a player an unfair advantage in operating the device. A person under age 18 may not wager on or receive a prize from a video pull-tab device.

*Subd. 9. [PAYMENT OF PRIZES.]* An organization may not pay a prize won on a video pull-tab device except on presentation by the winner of the ticket voucher printed by the device's prize meter. The law and board rules governing the retention of winning pull-tabs apply to ticket vouchers. An organization must, when a ticket voucher is presented and paid, immediately deface the voucher in a manner that prevents its reuse.

*Subd. 10. [LIMITATION OF PRIZES.]* A video pull-tab device may not:



(1) charge a price for a single chance of more than \$2; or

(2) award a single prize of more than \$250.

*Subd. 11. [RULES.] The board may by rule provide additional requirements for video pull-tab devices as it deems necessary to ensure their integrity and the full accounting for all play on them. The rules may include, but need not be limited to:*

(1) procedures and criteria for authorization of persons to have access to any locked area of a video pull-tab device;

(2) additional device specifications;

(3) methods for determining the randomness of prize distribution on a memory chip;

(4) testing procedures for video pull-tab devices; and

(5) methods for monitoring play on video pull-tab devices.

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 349.212, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] ~~There is hereby imposed~~ A tax is imposed 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, and (3) operation of video pull-tab devices, at the rate of ten percent on the gross receipts as defined in section 349.12, subdivision 26, less prizes actually paid. 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 8, or a tax authorized under section 349.212, subdivision 5.

The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 349.212, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) ~~There is imposed~~ A tax is imposed on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor, and each read-only memory chip intended to drive a video pull-tab device. The rate of the tax is two percent of the ideal gross of the pull-tab or tipboard deal or the chip. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor and on the sale of a chip intended to drive a video pull-tab device 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 8.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer, to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

- (1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;
- (2) sales to distributors licensed under this chapter;
- (3) sales to distributors licensed under the laws of another state or of a Province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and
- (4) sales of promotional tickets as defined in section 349.12.

(c) *In the case of a memory chip intended to drive a video pull-tab device, the liability for the tax imposed by this section is incurred when the chip has been delivered by the distributor to the purchaser, to a common carrier for delivery to the purchaser, or when received by the purchaser's representative at the distributor's place of business, regardless of the distributor's method of accounting.*

(d) Pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.214, subdivision 2, paragraph (b), are exempt from the tax imposed by this subdivision. A distributor must require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to such an organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

Sec. 14. Minnesota Statutes 1988, 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, *and every manufacturer who sells video pull-tab devices 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 *or video pull-tab device manufacturer* in whose name it is issued.

Sec. 15. Minnesota Statutes 1989 Supplement, section 349.2121, subdivision 2, is amended to read:

Subd. 2. [RECORDS.] (a) 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 of revenue authorizes in writing their destruction or disposal at an earlier date. At any time during usual business hours, the commissioner of revenue, director of gambling enforcement, or any of their duly authorized agents or employees,

may enter a place of business of a distributor or organization, any site from which pull-tabs or tipboards or other gambling equipment are being sold, or any site at which lawful gambling is being conducted, 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 of revenue, director of gambling enforcement, 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 gambling control board.

*(b) A distributor who supplies to an organization a replacement video pull-tab device memory chip after all chances on the chip being replaced have been played shall retain the replaced chip for 3-1/2 years from the date of its removal from the device. All provisions of law relating to the availability of a distributor's books and records apply to the chips.*

Sec. 16. Minnesota Statutes 1988, section 349.2121, subdivision 4a, is amended to read:

Subd. 4a. [REFUND.] *(a) 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, or if a memory chip used to drive a video pull-tab device is returned to its manufacturer without having been put into play, the commissioner of revenue shall allow a refund of the tax paid.*

*(b) In the case of a defective deal or defective memory chip 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 or chip 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.*

*(c) The commissioner may require that no refund under this subdivision be made unless the returned pull-tabs or tipboards, or the returned memory chip, have been set aside for inspection by the commissioner's employee.*

*(d) Reductions in previously paid taxes authorized by this subdivision shall be made at the time and in the manner prescribed by the commissioner.*

## ARTICLE 2

### PENALTY PROVISIONS"

Amend the title accordingly

Mr. Frank moved to amend the DeCramer amendment to H.F. No. 1891 as follows:

Page 3, lines 29 and 30, delete "*within the last five years*"

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

The question recurred on the DeCramer amendment, as amended.

The roll was called, and there were yeas 39 and nays 24, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Knaak	McQuaid	Pogemiller
Anderson	DeCramer	Kroening	Mehrkens	Purfeerst
Belanger	Diessner	Laidig	Olson	Ramstad
Benson	Frederick	Langseth	Pariseau	Reichgott
Bernhagen	Freeman	Lantry	Pehler	Samuelson
Bertram	Gustafson	Larson	Peterson, R. W.	Storm
Brandl	Hughes	Lessard	Piepho	Vickerman
Brataas	Johnson, D.E.	McGowan	Piper	

Those who voted in the negative were:

Beckman	Decker	Frederickson, D.R.	Moe, D.M.	Schmitz
Berg	Dicklich	Johnson, D.J.	Moe, R.D.	Spear
Berglin	Flynn	Marty	Morse	Stumpf
Dahl	Frank	Merriam	Novak	Waldorf
Davis	Frederickson, D.J.	Metzen	Renneke	

The motion prevailed. So the DeCramer amendment, as amended, was adopted.

H.F. No. 1891 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 30, as follows:

Those who voted in the affirmative were:

Berg	Flynn	Kroening	Moe, D.M.	Pogemiller
Berglin	Frank	Langseth	Moe, R.D.	Purfeerst
Brandl	Frederickson, D.J.	Lantry	Morse	Reichgott
Cohen	Freeman	Luther	Novak	Samuelson
DeCramer	Gustafson	Marty	Pehler	Schmitz
Dicklich	Hughes	Merriam	Peterson, R. W.	Spear
Diessner	Johnson, D.J.	Metzen	Piper	

Those who voted in the negative were:

Adkins	Bertram	Frederickson, D.R.	McGowan	Ramstad
Anderson	Brataas	Johnson, D.E.	McQuaid	Renneke
Beckman	Dahl	Knaak	Mehrkens	Storm
Belanger	Davis	Laidig	Olson	Stumpf
Benson	Decker	Larson	Pariseau	Vickerman
Bernhagen	Frederick	Lessard	Piepho	Waldorf

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

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. 1854:

H.F. No. 1854: A bill for an act relating to real estate; validating certain cancellation of contracts; validating certain conveyances by religious corporations; allowing county boards to set certain fees charged by the examiner of titles; providing for the effect of dissolution on joint tenancy; permitting the filing of summaries of dissolution judgments in real estate filings; clarifying provisions on certain liens by reordering clauses; amending Minnesota Statutes 1988, sections 287.01, by adding a subdivision; 500.19, subdivision 5; and 514.12, subdivision 3; Minnesota Statutes Second 1989

Supplement, section 508A.82; proposing coding for new law in Minnesota Statutes, chapters 315, 518, and 559; repealing Minnesota Statutes 1988, section 580.031.

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

Pugh, Kelly and Macklin have been appointed as such committee on the part of the House.

House File No. 1854 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 17, 1990

Mr. Peterson, R.W. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1854, 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

S.F. No. 2299 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2299

A bill for an act relating to agriculture; establishing the Minnesota natural wild rice promotion advisory council; proposing coding for new law in Minnesota Statutes, chapter 30.

April 5, 1990

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. 2299, 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. 2299 be further amended as follows:

Page 1, line 10, delete "30.495" and insert "116J.645"

Page 1, line 15, delete "agriculture" and insert "trade and economic development"

Page 2, line 1, delete "commissioner of agriculture" and insert "department of trade and economic development"

Page 2, line 3, after the period insert "*The advisory council functions shall include but not be limited to addressing the issues of trademarking, labeling, packaging, consumer awareness, and marketing techniques necessary to the successful promotion of the exclusive and original nature of the home-grown Minnesota product.*"

*The advisory council shall advise the department of trade and economic development annually of its activities and progress in this regard."*

Amend the title as follows:

Page 1, line 2, delete "agriculture" and insert "trade and economic development"

Page 1, line 5, delete "30" and insert "116J"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ronald R. Dicklich, Bob Decker, Gregory L. Dahl

House Conferees: (Signed) Karen Clark, Steve Trimble, Sylvester Uphus

Mr. Dicklich moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2299 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. 2299 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	Hughes	Mehrkens	Pogemiller
Anderson	DeCramer	Johnson, D.E.	Merriam	Purfeerst
Beckman	Dicklich	Johnson, D.J.	Moe, D.M.	Ramstad
Belanger	Diessner	Knaak	Moe, R.D.	Reichgott
Benson	Flynn	Kroening	Morse	Renneke
Berg	Frank	Laidig	Novak	Schmitz
Bernhagen	Frederick	Langseth	Olson	Spear
Bertram	Frederickson, D.J.	Larson	Pariseau	Storm
Brandl	Frederickson, D.R.	Luther	Pehler	Stumpf
Brataas	Freeman	Marty	Peterson, R.W.	Vickerman
Davis	Gustafson	McGowan	Piepho	Waldorf

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 1743 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1743**

A bill for an act relating to telephone service; regulating the installation of extended area service in exchanges; requiring the expansion of the metropolitan extended area telephone service, under some circumstances; proposing coding for new law in Minnesota Statutes, chapter 237.

April 11, 1990

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. 1743, 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. 1743 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [237.161] [EXTENDED AREA SERVICE.]

*Subdivision 1. [CRITERIA.] (a) The commission shall grant a petition for installation of extended area service only when each of the following criteria has been met:*

*(1) the petitioning exchange is contiguous to an exchange or local calling area to which extended area service is requested in the petition;*

*(2) polling by the commission shows that a majority of the customers responding to a poll in the petitioning exchange favor its installation, unless all parties and the commission agree that no polling is necessary; and*

*(3) at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which extended area service is requested, as determined by a traffic study.*

*The rate to the polled exchange must be available to its customers before the commission determines what proportion of them favor the installation of extended area service.*

*(b) For the purpose of clause (3), the commission shall include as a customer an FX telephone service subscriber in the petitioning exchange whose FX service is provided through the exchange or an exchange within the local calling area to which extended area service is sought. For the purposes of this subdivision, “FX” means tariffed telephone toll service provided by placing a telephone line from another telephone exchange area in the telephone customer’s exchange area.*

*(c) When the local calling area to which extended service is sought is the metropolitan local calling area in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties and the petitioning exchange meets the criteria in paragraph (a), the telephone company serving the petitioning exchange shall make local measured service or another lower cost alternative to basic flat-rate service available to customers in the petitioning exchange.*

*Subd. 2. [BASIS OF RATES; COSTS.] For a proposal to install extended area service, proposed rates must be based on specific additional cost incurred, operating expenses, actual cost for new facilities constructed specifically to provide for extended area service, net book value of existing facilities transferred from another service to extended area service, a return on the capital investment associated with installing and providing the extended area service, and appropriate contributions to common overheads.*

*Subd. 3. [RATES.] (a) When the local calling area to which extended service is sought is the metropolitan local calling area in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties, 75 percent of the costs of providing extended area service, as identified in subdivision 2, must be apportioned to the petitioning exchange and the remaining 25*

percent apportioned to the exchange or exchanges to which extended area service is requested. When the proposed extended service area is not the metropolitan local calling area, the commission shall determine the apportionment of costs, provided that between 50 and 75 percent of the costs must be allocated to the petitioning exchange. The costs must be apportioned among the customers in an exchange so that the relationship between the rates for classes of basic local service remains the same. Rates within the existing metropolitan local calling area may not be raised as a result of the addition of a local exchange under this subdivision until the rates in the added exchange are at least equal to the highest rates in an adjacent exchange within the metropolitan local calling area, provided that the rates in the added exchange may not exceed the amount necessary to recover 100 percent of the costs and ensure that the rates are income neutral for the telephone company serving the added exchange.

(b) The commission shall establish rates that are income neutral for each affected telephone company at the time at which the commission determines the extended area service rates. The commission shall consider the interests of all parties when determining a fair and equitable extended area service rate for a local telephone exchange that is newly included in the extended area service.

(c) A telephone company that provides local telephone service in an exchange that is included in an extended service area shall include the extended area service rate in the basic rate for the purpose of billing customers so that only one line item charge appears on customers' bills for both rates.

*Subd. 4. [LATA BOUNDARIES.]* When the commission has determined that a petition for inclusion of a local exchange in an extended service area should be granted under this section, but the inclusion of that local exchange would place a telephone company in violation of the federal prohibition on providing telephone service across a local access and transport area (LATA) line, as defined in section 237.57, subdivision 5, the commission shall order the affected telephone company to seek a waiver of the prohibition on the provision of service across the LATA line to the extent necessary to include the exchange in the extended service area.

*Subd. 5. [INTERSTATE EXTENDED AREA SERVICE.]* No state boundary may be crossed to establish extended area service under this section, but an exchange may be added to an interstate extended service area in existence on the effective date of this section.

**Sec. 2. [METROPOLITAN EXTENDED AREA TELEPHONE SERVICE.]**

*Subdivision 1. [DEFINITION.]* For the purposes of this section, "metropolitan" or "metropolitan area" means all of the area within the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

*Subd. 2. [REQUIRED EXPANSION OF METROPOLITAN EXTENDED AREA SERVICE.]* Notwithstanding section 1, by July 1, 1991, the public utilities commission shall expand the metropolitan extended area service local calling area to include each local service telephone exchange served by a central office or wire center located within the metropolitan area if a majority of the consumers in the exchange that respond to polling by the commission favor including that exchange in the metropolitan local calling area as determined under subdivisions 3 and 4.

*Subd. 3. [COMMISSION DUTIES; PROJECT.]* The commission, in



*cooperation with each affected telephone company, shall determine the rates that would be charged to the customers in each metropolitan exchange that is not currently included in the metropolitan local calling area if that exchange were to be included. The commission shall then conduct a poll of the customers in each exchange. The ballot or questionnaire sent to each customer must clearly identify the rate that would be charged to customers in that exchange if the exchange becomes part of the metropolitan extended service area and must be returnable to the commission, at no cost to the customers, within 60 days of the date the ballot or questionnaire was mailed. If a majority of the customers in an exchange who respond to the commission's poll indicate that they favor inclusion, the commission shall include that exchange in the metropolitan local calling area.*

*Subd. 4. [COSTS; RATES.] The commission shall determine the costs and rates for each exchange subject to subdivision 3 in accordance with section 1, subdivisions 2 and 3, and commission rules.*

*Subd. 5. [FUTURE EXPANSION.] Customers in metropolitan exchanges that are not included in the metropolitan local calling area under subdivision 3 and customers in nonmetropolitan exchanges that want to be included in the metropolitan local calling area may petition the commission for inclusion under section 1 and commission rules, provided that no state boundary may be crossed in expanding the metropolitan local calling area.*

*Subd. 6. [DUTIES; TELEPHONE COMPANIES.] Each telephone company that is potentially affected by the activities of the commission in implementing subdivision 3 shall cooperate with the commission in determining costs and rates and any other activity or determination necessary to implement that subdivision.*

**Sec. 3. [REPEALER.]**

*Section 1 is repealed effective June 1, 1994.*

**Sec. 4. [EFFECTIVE DATE; APPLICATION.]**

*Sections 1 and 2 are effective the day following final enactment. Section 1 applies to all petitions pending before the public utilities commission on that date and to bills sent to customers in exchanges that become part of an extended service area after that date. Section 2 applies to local exchanges whose central offices or wire centers are located in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The public utilities commission shall suspend further action on any pending extended area service petition from an exchange governed by section 2 until the public utilities commission has implemented that section."*

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Robert J. Schmitz, Gene Waldorf, Ronald R. Dicklich

House Conferees: (Signed) Joel Jacobs, Harold Lasley, Robert Vanasek

Mr. Schmitz moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1743 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. 1743 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	DeCramer	Knaak	Metzen	Ramstad
Anderson	Dicklich	Kroening	Moe, D.M.	Reichgott
Beckman	Diessner	Laidig	Moe, R.D.	Renneke
Belanger	Flynn	Langseth	Morse	Samuelson
Benson	Frank	Lantry	Novak	Schmitz
Berg	Frederick	Larson	Olson	Spear
Berglin	Frederickson, D.J.	Lessard	Pariseau	Storm
Bernhagen	Frederickson, D.R.	Luther	Pehler	Stumpf
Bertram	Freeman	Marty	Peterson, R.W.	Vickerman
Brataas	Gustafson	McGowan	Piepho	Waldorf
Cohen	Hughes	McQuaid	Piper	
Davis	Johnson, D.E.	Mehrkens	Pogemiller	
Decker	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

Ms. Reichgott moved that S.F. No. 1853, No. 3 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Dicklich moved that S.F. No. 394 be taken from the table. The motion prevailed.

S.F. No. 394: A bill for an act relating to education; requiring a report on preparation of post-secondary education administrators and faculty.

Mr. Dicklich moved that the Senate do not concur in the amendments by the House to S.F. No. 394, 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. Spear moved that S.F. No. 1081 be taken from the table. The motion prevailed.

S.F. No. 1081: A bill for an act relating to courts; providing for a study by the supreme court of racial bias in the judicial system; appropriating money.

Mr. Spear moved that the Senate do not concur in the amendments by the House to S.F. No. 1081, 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.

Messrs. Luther and McGowan introduced—

Senate Concurrent Resolution No. 12: A Senate concurrent resolution commemorating the life of Clinton Hill of New Hope, Minnesota, and recognizing the program he initiated, Kids for Saving Earth.

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 12 be laid on the table. 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.

Mrs. Pariseau, Messrs. Bernhagen, Renneke and Anderson introduced—

S.F. No. 2637: A bill for an act relating to education; providing for the state takeover of all public K-12 education costs by the year 2000; amending Minnesota Statutes 1988, section 124A.22, subdivision 4; repealing Minnesota Statutes 1989 Supplement, section 124A.03, subdivision 2.

Referred to the Committee on Education.

Messrs. Bertram, Mehrkens, Vickerman, Stumpf and Diessner introduced—

S.F. No. 2638: A resolution memorializing the Congress of the United States to enact H.R. 3603 which relates to the disclosure of information concerning POW/MIAs.

Referred to the Committee on Veterans and Military Affairs.

Messrs. Decker; Moe, R.D. and Larson introduced—

S.F. No. 2639: A resolution memorializing the Congress of the United States to appropriate money for the restoration and preservation of the Civilian Conservation Corps buildings.

Mr. Moe, R.D. moved that S.F. No. 2639 be laid on the table. The motion prevailed.

Mr. Knutson introduced—

S.F. No. 2640: A bill for an act relating to human services; mental health; clarifying the definition of mental health professional; amending Minnesota Statutes 1989 Supplement, sections 245.462, subdivision 18; and 245.4871, subdivision 27.

Referred to the Committee on Health and Human Services.

### **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. 1777: Messrs. Cohen, Waldorf and Knaak.

S.F. No. 2126: Messrs. Morse, Davis, DeCramer, Beckman and Bernhagen.

S.F. No. 1896: Messrs. Vickerman, Samuelson, DeCramer, Piepho and Langseth.

S.F. No. 394: Messrs. Dicklich, Ramstad and Dahl.

S.F. No. 2158: Messrs. Dicklich, Waldorf and Johnson, D.E.

S.F. No. 2527: Messrs. Davis, Bernhagen and Bertram.

H.F. No. 1854: Messrs. Peterson, R.W.; Luther and Knaak.

S.F. No. 1081: Messrs. Spear, Merriam and Laidig.

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

### MEMBERS EXCUSED

Messrs. Chmielewski and Solon were excused from the Session of today. Messrs. Brandl and Pogemiller were excused from the Session of today from 9:00 to 10:00 a.m. Ms. Piper was excused from the Session of today from 9:35 to 10:30 a.m. Mr. Spear was excused from the Session of today from 9:00 a.m. to 12:30 p.m. Mr. Novak was excused from the Session of today from 10:40 a.m. to 12:20 p.m. Mr. Dahl was excused from the Session of today from 12:50 to 1:15 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Friday, April 20, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**NINETY-SECOND DAY**

St. Paul, Minnesota, Thursday, April 19, 1990

The House of Representatives met on Thursday, April 19, 1990, which was the Ninety-Second Legislative Day of the Seventy-Sixth Session of the Minnesota State Legislature. The Senate did not meet on this date.

**NINETY-THIRD DAY**

St. Paul, Minnesota, Friday, April 20, 1990

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

**CALL OF THE SENATE**

Mr. Belanger 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. Stephen Adrian.

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

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

The President declared a quorum present.

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

**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. 2478 at 9:00 a.m.:

Messrs. Pogemiller, Novak, Stumpf, Belanger and Johnson, D.J. The motion prevailed.

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Vickerman moved that the following members be excused for a Conference Committee on S.F. No. 1896 at 9:00 a.m.:

Messrs. DeCramer, Langseth, Samuelson, Piepho and Vickerman. The motion prevailed.

**MESSAGES FROM THE HOUSE**

Mr. President:

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

S.F. No. 1750: A bill for an act relating to agriculture; making legislative findings; extending the farmer-lender mediation act; appropriating money; amending Minnesota Statutes 1988, section 583.21; Laws 1986, chapter 398, article 1, section 18, as amended.

Senate File No. 1750 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

**CONCURRENCE AND REPASSAGE**

Mr. Stumpf moved that the Senate concur in the amendments by the House to S.F. No. 1750 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1750: A bill for an act relating to agriculture; extending the farmer-lender mediation act; appropriating money; amending Laws 1986, chapter 398, article 1, section 18, 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 47 and nays 7, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Laidig	Metzen	Ramstad
Anderson	Diessner	Langseth	Moe, D.M.	Reichgott
Beckman	Frank	Lantry	Moe, R.D.	Renneke
Belanger	Frederick	Larson	Morse	Schmitz
Benson	Frederickson, D.J.	Lessard	Novak	Solon
Berg	Frederickson, D.R.	Luther	Olson	Storm
Brandl	Freeman	Marty	Pariseau	Stumpf
Brataas	Hughes	McGowan	Pehler	
Cohen	Johnson, D.E.	McQuaid	Piper	
Decker	Knaak	Mehrkens	Purfeerst	

Those who voted in the negative were:

Berglin	Knutson	Merriam	Peterson, R.W.	Waldorf
Flynn	Kroening			

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. 1674: A bill for an act relating to agriculture; providing grasshopper control; authorizing the commissioner to exempt certain lands from grasshopper control; exempting certain persons from losses relating to grasshopper control; clarifying when public utilities are subject to grasshopper control; providing for notices for control and approval of grasshopper control costs; authorizing levies; appropriating money; amending Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 18; repealing Minnesota Statutes 1989 Supplement, section 18.0226.

Senate File No. 1674 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

Mr. Berg moved that the Senate do not concur in the amendments by the House to S.F. No. 1674, 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. 1894: A bill for an act relating to environment and natural resources; amending provisions relating to water management organizations; providing legislative commission oversight of the metropolitan water management act; authorizing management and financing of drainage systems under certain laws; clarifying water management purposes; authorizing counties to remove watershed district managers for just cause; authorizing a technical advisory committee; requiring watershed management organizations to prepare newsletters, annual reports, and audits; providing for preparation of watershed plans and implementation of plans; providing penalties for not implementing plans; authorizing and directing the board of water and soil resources to adopt rules; providing for appeal of plan failures; providing for requests for proposals for certain services; authorizing accumulation of levy proceeds; requiring a draining system report; appropriating money; amending Minnesota Statutes 1988, sections 110B.28; 110B.30; 112.42, by adding a subdivision; 473.875; 473.876, by adding a subdivision; 473.877, subdivision 1; 473.878, subdivisions 1, 1a, 2, 3, 4, 8, and by adding subdivisions; 473.879, subdivision 2; 473.881; 473.882, subdivision 1; and 473.883, subdivisions 3 and 7; Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 112 and 473.

Senate File No. 1894 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

Mr. Luther moved that S.F. No. 1894 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. 2299, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2299: A bill for an act relating to agriculture; establishing the Minnesota natural wild rice promotion advisory council; proposing coding for new law in Minnesota Statutes, chapter 30.

Senate File No. 2299 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 2130, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2130: A bill for an act relating to insurance; regulating the practices and record keeping of, and disclosures by, public adjusters; amending Minnesota Statutes 1988, section 72B.135, by adding subdivisions.

Senate File No. 2130 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 1743, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1743: A bill for an act relating to telephone service; regulating the installation of extended area service in exchanges; requiring the expansion of the metropolitan extended area telephone service, under some circumstances; proposing coding for new law in Minnesota Statutes, chapter 237.

Senate File No. 1743 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 488, and repassed said bill in accordance with the report of the Committee,

so adopted.

S.F. No. 488: A bill for an act relating to public employment; defining equitable compensation relationships; requiring an implementation report; providing for review of plans; providing for appeals from decisions of the commissioner of employee relations; requiring the commissioner to report to the legislature; amending Minnesota Statutes 1988, sections 471.991, subdivision 5; 471.992, subdivisions 1, 2, and by adding a subdivision; 471.994; 471.998, by adding a subdivision; 471.9981, subdivision 6, and by adding subdivisions; and 471.999; Minnesota Statutes 1989 Supplement, section 485.018, subdivision 7; repealing Minnesota Statutes 1988, sections 471.992, subdivision 3; 471.995; 471.996; 471.9975; and 471.9981, subdivisions 2 to 5.

Senate File No. 488 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2652.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1990

### **FIRST READING OF HOUSE BILLS**

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

H.F. No. 2652: A resolution memorializing the President and the Congress of the United States to design the 1990 federal farm bill so that it protects the family farm system.

Referred to the Committee on Agriculture and Rural Development.

### **REPORTS OF COMMITTEES**

Mr. Bertram from the Committee on Veterans and Military Affairs, to which was referred

S.F. No. 2638: A resolution memorializing the Congress of the United States to enact H.R. 3603 which relates to the disclosure of information concerning POW/MIAs.

Reports the same back with the recommendation that the resolution do pass.

Pursuant to Joint Rule 2.03, the resolution was re-referred to the Committee on Rules and Administration.

**MOTIONS AND RESOLUTIONS**

Messrs. Morse; Benson; Moe, R.D.; Lessard and Dahl introduced—

Senate Resolution No. 186: A Senate resolution designating and proclaiming April 22, 1990, as Earth Day 1990.

WHEREAS, almost 20 years ago, more than 20 million Americans joined together on Earth Day in a demonstration of concern for the environment, and their collective action resulted in the passage of sweeping new laws to protect our air, water, and land; and

WHEREAS, in the 19 years since the first Earth Day, despite environmental improvements, the environmental health of the planet is increasingly endangered, threatened by global climate change, ozone depletion, growing world population, tropical deforestation, ocean pollution, toxic wastes, desertification, and nuclear waste requiring action by all sectors of society; and

WHEREAS, Earth Day 1990 is a national and international call to action for all citizens to join in a global effort to save the planet; and

WHEREAS, Earth Day 1990 activities and events will educate all citizens on the importance of acting in an environmentally sensitive fashion by recycling, conserving energy and water, using efficient transportation, and adopting more ecologically sound lifestyles; and

WHEREAS, Earth Day 1990 will also educate all citizens on the importance of buying and using those products least harmful to the environment, the importance of doing business with companies that are environmentally sensitive and responsible, the importance of voting for those candidates who demonstrate an abiding concern for the environment, and the importance of supporting the passage of legislation that will help protect the environment; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota that it designate and proclaim April 22, 1990, as Earth Day 1990, and that that day shall be set aside for public activities promoting preservation of the global environment and launching the "Decade of the Environment."

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 the appropriate Minnesota organizations planning public activities for Earth Day 1990.

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

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mrs. Lantry moved that the following members be excused for a Conference Committee on S.F. No. 2018 at 10:00 a.m.:

Messrs. Diessner, Purfeerst, Ms. Reichgott, Mmes. McQuaid and Lantry. 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. 2230, and repassed said bill in accordance with the report of the Committee, so adopted.

H.F. No. 2230: A bill for an act relating to public purchasing; establishing programs for purchasing from certain small targeted group businesses and businesses located in economically disadvantaged areas; requiring prompt payment to subcontractors; providing penalties; amending Minnesota Statutes 1988, sections 16B.07, by adding a subdivision; 16B.20, subdivisions 1 and 3; 161.321, subdivisions 1, 4, 5, and by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 16B.19; 16B.20, subdivision 2; 16B.21; 16B.22; 16B.226; 116J.68; 136.27; 136.72; 137.31, subdivision 6; 161.321, subdivisions 2, 3, and 6; 161.3211; 241.27, subdivision 2; 471.345, subdivision 8; and 473.142; Laws 1989, chapter 352, section 25; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; and 137; repealing Minnesota Statutes 1989 Supplement, sections 16B.189; 137.31, subdivision 3a; and 645.445, subdivision 5.

House File No. 2230 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1990

Mrs. Adkins moved that H.F. No. 2230 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. 2343, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2343 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1990

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2343**

A bill for an act relating to insurance; accident and health; providing for the classification and disclosure of certain comprehensive health insurance data; regulating the Minnesota comprehensive health insurance plan; requiring insurers to provide written materials on the Minnesota comprehensive health insurance plan; amending Minnesota Statutes 1988, sections 13.71,

by adding a subdivision; 62E.10, subdivision 9; 62E.14, by adding subdivisions; and 62E.15, subdivision 4.

April 12, 1990

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. 2343, 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. 2343 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 13.71, is amended by adding a subdivision to read:

*Subd. 6. [COMPREHENSIVE HEALTH INSURANCE DATA.] The following data on eligible persons and enrollees of the state comprehensive health insurance plan are classified as private: all data collected or maintained by the Minnesota comprehensive health association, the writing carrier, and the department of commerce.*

*The Minnesota comprehensive health association is considered a state agency for purposes of chapter 13.*

*The Minnesota comprehensive health association may disclose data on eligible persons and enrollees of the state comprehensive health insurance plan to conduct actuarial and research studies, notwithstanding the classification of this data, if:*

- (1) the board authorizes the disclosure;*
- (2) no individual may be identified in the actuarial or research report;*
- (3) materials allowing an individual to be identified are returned or destroyed as soon as they are no longer needed; and*
- (4) the actuarial or research organization agrees not to disclose the information unless the disclosure would be permitted under this chapter if made by the association.*

Sec. 2. Minnesota Statutes 1988, 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, ~~1990~~ 1991.

~~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. 3. Minnesota Statutes 1988, section 62E.14, is amended by adding a subdivision to read:

*Subd. 4a. [WAIVER OF PREEXISTING CONDITIONS FOR MINNESOTA RESIDENTS.] A person may enroll in the comprehensive health plan with a waiver of the preexisting condition limitation described in subdivision 3, provided that the following requirements are met:*

*(1) the person is a Minnesota resident eligible to enroll in the comprehensive health plan;*

*(2) the person:*

*(a) would be eligible for continuation under federal or state law if continuation coverage were available or were required to be available;*

*(b) would be eligible for continuation under clause (a) except that the person was exercising continuation rights and the continuation period required under federal or state law has expired; or*

*(c) is eligible for continuation of health coverage under federal or state law;*

*(3) continuation coverage is not available; and*

*(4) the person applies for coverage within 90 days of termination of prior coverage from a policy or plan.*

*Coverage in the comprehensive health plan is effective on the date of termination of prior coverage. The availability of conversion rights does not affect a person's rights under this subdivision.*

Sec. 4. Minnesota Statutes 1988, section 62E.14, is amended by adding a subdivision to read:

*Subd. 4b. [WAIVER OF PREEXISTING CONDITIONS FOR PERSONS COVERED BY RETIREE PLANS.] A person who was covered by a retiree health care plan may enroll in the comprehensive health plan with a waiver of the preexisting condition limitation described in subdivision 3, provided that the following requirements are met:*

*(1) the person is a Minnesota resident eligible to enroll in the comprehensive health plan;*

*(2) the person was covered by a retiree health care plan from an employer and the coverage is no longer available to the person; and*

*(3) the person applies for coverage within 90 days of termination of prior coverage.*

*Coverage in the comprehensive health plan is effective on the date of termination of prior coverage. The availability of conversion rights does not affect a person's rights under this section.*

Sec. 5. [WAIVER OF PREEXISTING CONDITION.]

*A person may enroll in the comprehensive health plan with a waiver of the preexisting condition limitation described in Minnesota Statutes, section 62E.14, subdivision 3, provided that the person meets the following requirements:*

*(1) group coverage was provided through a rehabilitation facility defined in Minnesota Statutes, section 129A.01, subdivision 6, and coverage was terminated;*

*(2) all other eligibility requirements for enrollment in the comprehensive health plan are met; and*

*(3) coverage is applied for within 90 days of termination of previous coverage.*

Sec. 6. Minnesota Statutes 1988, section 62E.15, subdivision 4, is amended to read:

Subd. 4. Every insurer which rejects or applies underwriting restrictions to an applicant for accident and health insurance shall: (1) provide the applicant with a written notice of rejection or the underwriting restrictions applied to the applicant in a manner consistent with the requirements in section 72A.499; (2) notify the applicant of the existence of the state plan, the requirements for being accepted in it, and the procedure for applying to it; and (3) provide the applicant with written materials explaining the state plan in greater detail. This written material shall be provided by the association to every insurer at no charge.

Sec. 7. [62E.19] [PAYMENTS FOR PREEXISTING CONDITIONS.]

*Subdivision 1. [EMPLOYER LIABILITY.] An employer is liable to the association for the costs of any preexisting conditions of the employer's former employees or their dependents during the first six months of coverage under the state comprehensive health insurance plan under the following conditions:*

*(1) the employer has terminated or laid off employees and is required to meet the notice requirements under section 268.976, subdivision 3;*

*(2) the employer has failed to provide, arrange for, or make available continuation health insurance coverage required to be provided under federal or state law to employees or their dependents; and*

*(3) the employer's former employees or their dependents enroll in the state comprehensive health insurance plan with a waiver of the preexisting condition limitation under section 62E.14, subdivision 4a or 5; or*

*(4) the employer has terminated or allowed the employer's plan of health insurance coverage to lapse within 90 days prior to the date of termination or layoff of an employee; and*

*(5) the employer's former employees or their dependents enroll in the state comprehensive health insurance plan with a waiver of the preexisting condition limitation under section 62E.14, subdivision 4a or 5.*

*The employer shall pay a special assessment to the association for the costs of the preexisting conditions. The special assessment may be assessed before the association makes the annual determination of each contributing member's liability as required under this chapter. The association may enforce the obligation to pay the special assessment by action, as a claim*

*in an insolvency proceeding, or by any other method not prohibited by law.*

*If the association makes the special assessment permitted by this subdivision, the association may also make any assessment of contributing members otherwise permitted by law, without regard to the special assessment permitted by this subdivision. Contributing members must pay the assessment, subject to refund or adjustment, in the event of receipt by the association of any portion of the special assessment.*

*Subd. 2. [EXEMPTION.] Subdivision 1 does not apply to a termination of or failure to implement an employee health benefit plan which results from or occurs during a strike or lockout, nor does it apply to employee health benefit plans separately provided by an employee organization or bargaining agent, regardless of any financial contribution to the plan by the employer.*

Sec. 8. [EFFECTIVE DATE.]

*Sections 3, 4, and 7 are effective retroactively to March 1, 1990. Sections 1, 2, and 5 are effective the day following final enactment. The 90-day requirement in sections 3 and 4 does not apply to terminations of coverage occurring after March 1, if application to or enrollment in the comprehensive health plan occurs within 90 days after final enactment."*

Delete the title and insert:

"A bill for an act relating to insurance; accident and health; providing for the classification and disclosure of certain comprehensive health insurance data; regulating the Minnesota comprehensive health insurance plan; requiring insurers to provide written materials on the Minnesota comprehensive health insurance plan; amending Minnesota Statutes 1988, sections 13.71, by adding a subdivision; 62E.10, subdivision 9; 62E.14, by adding subdivisions; and 62E.15, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 62E."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Wesley J. Skoglund, Bob Haukoos, Ted Winter

Senate Conferees: (Signed) John E. Brandl, Sam G. Solon, Mel Frederick

Mr. Brandl moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2343 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. 2343 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	Flynn	Knutson	McQuaid	Ramstad
Anderson	Frank	Kroening	Mehrkens	Reichgott
Beckman	Frederick	Laidig	Merriam	Renneke
Belanger	Frederickson, D.J.	Langseth	Metzen	Schmitz
Benson	Frederickson, D.R.	Lantry	Moe, R.D.	Solon
Berg	Freeman	Larson	Morse	Storm
Berglin	Hughes	Lessard	Pariseau	Stumpf
Brandl	Johnson, D.E.	Luther	Pehler	Waldorf
Brataas	Johnson, D.J.	Marty	Peterson, R. W.	
Decker	Knaak	McGowan	Piper	

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 H.F. No. 2651 at 10:15 a.m.:

Messrs. Benson; Merriam; Waldorf; Moe, R.D. and Freeman. The motion prevailed.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Davis moved that the following members be excused for a Conference Committee on S.F. No. 2527 from 9:00 to 10:20 a.m.:

Messrs. Bertram, Bernhagen and Davis. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Decker moved that S.F. No. 2639 be taken from the table. The motion prevailed.

S.F. No. 2639: A resolution memorializing the Congress of the United States to appropriate money for the restoration and preservation of the Civilian Conservation Corps buildings.

### SUSPENSION OF RULES

Mr. Decker moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 2639 and that the rules of the Senate be so far suspended as to give S.F. No. 2639 its second and third reading and place it on its final passage. The motion prevailed.

S.F. No. 2639 was read the second time.

S.F. No. 2639 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 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knutson	Mehrkens	Ramstad
Anderson	Diessner	Kroening	Metzen	Renneke
Beckman	Flynn	Laidig	Morse	Samuelson
Berg	Frank	Langseth	Olson	Schmitz
Berglin	Frederick	Larson	Pariseau	Solon
Bernhagen	Frederickson, D.J.	Lessard	Pehler	Storm
Bertram	Frederickson, D.R.	Luther	Piepho	Stumpf
Davis	Hughes	Marty	Piper	
Decker	Johnson, D.E.	McGowan	Pogemiller	
DeCramer	Knaak	McQuaid	Purfeerst	

So the resolution passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2213 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2213

A bill for an act relating to traffic regulations; regulating wheel flaps and covered loads; imposing a penalty; amending Minnesota Statutes 1988, sections 169.733; and 169.81, subdivision 5, and by adding a subdivision.

April 17, 1990

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. 2213, 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) Gary M. DeCramer, Clarence M. Purfeerst, Phyllis W. McQuaid

House Conferees: (Signed) Katy Olson, Doug Carlson, Loren G. Jennings

Mr. DeCramer moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2213 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. 2213 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 7, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Hughes	Marty	Peterson, R.W.
Beckman	DeCramer	Johnson, D.E.	McGowan	Piper
Belanger	Dicklich	Knaak	Mehrkens	Pogemiller
Berglin	Flynn	Knutson	Metzen	Ramstad
Bernhagen	Frank	Kroening	Morse	Samuelson
Brataas	Frederick	Laidig	Olson	Storm
Cohen	Frederickson, D.J.	Langseth	Pariseau	Stumpf
Davis	Frederickson, D.R.	Luther	Pehler	Vickerman

Those who voted in the negative were:

Anderson	Bertram	Piepho	Renneke	Schmitz
Berg	Larson			

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

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 and First 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. 1950, 2055, 2248, 2375, 2490, 2395 and 1779.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 1798: A bill for an act relating to health; providing limited prescription privileges for physician assistants; requiring permanent registration for certain physician assistants; amending Minnesota Statutes 1988, section 151.37, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 147.

Senate File No. 1798 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Ms. Piper moved that the Senate concur in the amendments by the House to S.F. No. 1798 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1798: A bill for an act relating to health; providing limited prescription privileges for physician assistants; requiring permanent registration for certain physician assistants; appropriating money; amending

Minnesota Statutes 1988, section 151.37, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 147.

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

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

The roll was called, and there were yeas 42 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knaak	Morse	Renneke
Anderson	Davis	Kroening	Olson	Samuelson
Beckman	DeCramer	Laidig	Pariseau	Schmitz
Belanger	Dicklich	Langseth	Pehler	Solon
Berg	Frank	Larson	Peterson, R.W.	Storm
Berglin	Frederick	Luther	Piepho	Stumpf
Bernhagen	Frederickson, D.R.	McGowan	Piper	
Bertram	Hughes	Mehrkens	Pogemiller	
Cohen	Johnson, D.E.	Metzen	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. 1758: A bill for an act relating to health; requiring the licensing of wholesale drug distributors; regulating the use of biosynthetic bovine somatotropin; providing penalties; amending Minnesota Statutes 1988, sections 151.01, subdivision 28; 151.06, subdivision 1; 151.15, subdivision 3; and 151.25; proposing coding for new law in Minnesota Statutes, chapter 151.

Senate File No. 1758 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Mr. Samuelson moved that the Senate concur in the amendments by the House to S.F. No. 1758 and that the bill be placed on its repassage as amended.

### CALL OF THE SENATE

Mr. Morse imposed a call of the Senate for the balance of the proceedings on S.F. No. 1758. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Brandl moved that the Senate do not concur in the amendments by the House to S.F. No. 1758, 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 adoption of the motion of Mr. Samuelson. The motion prevailed.

S.F. No. 1758 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.

Mr. Luther moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 34 and nays 23, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Moe, D.M.	Samuelson
Anderson	DeCramer	Kroening	Moe, R.D.	Schmitz
Beckman	Dicklich	Langseth	Morse	Solon
Berglin	Flynn	Luther	Novak	Stumpf
Bertram	Frederickson, D.J.	Marty	Pehler	Vickerman
Cohen	Freeman	Merriam	Piper	Waldorf
Dahl	Hughes	Metzen	Pogemiller	

Those who voted in the negative were:

Belanger	Brataas	Knaak	Mehrkens	Ramstad
Benson	Decker	Knutson	Olson	Renneke
Berg	Frederick	Laidig	Pariseau	Storm
Bernhagen	Frederickson, D.R.	Lessard	Peterson, R.W.	
Brandl	Johnson, D.E.	McGowan	Piepho	

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. 2177: A bill for an act relating to traffic safety; providing for administrative impoundment of license plates of vehicles owned by repeat violators of laws relating to driving while intoxicated; providing for issuance of special plates; requiring peace officers to serve a notice of intent to impound when serving a notice of intent to revoke the violator's driver's license; providing for administrative and judicial review of impoundment orders; eliminating the alcohol problem screening for persons convicted of offenses associated with driving under the influence of alcohol or a controlled substance; modifying procedures for chemical use assessments, programs, and funding; changing the maximum rate for reimbursement of counties from the general fund for the assessments; expanding the crime of refusing to submit to an implied consent test; requiring notice of certain enhanced penalties; expanding the crime of aggravated driving while intoxicated; removing requirement that negligence be proven for conviction of criminal vehicular operation if driver's alcohol concentration was 0.10 or more; imposing penalties for criminal vehicular operation resulting in substantial bodily harm; prohibiting constructive possession of alcohol in a private motor vehicle; expanding the definition of possession; changing provisions about aircraft operation while under the influence of alcohol or controlled substances; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 168.041, subdivisions 3, 8, and 10;

169.121, by adding a subdivision; 169.122, subdivision 2; 169.124, subdivision 1; 169.126, subdivisions 1, 2, 6, and by adding a subdivision; 169.129; and 360.015, subdivisions 1 and 6; Minnesota Statutes 1989 Supplement, sections 169.041, subdivision 4; 169.121, subdivisions 1a, 3, and 3b; 169.126, subdivision 4; 260.193, subdivision 8; and 609.21; proposing coding for new law in Minnesota Statutes, chapters 168 and 360; repealing Minnesota Statutes 1988, sections 168.041, subdivision 3a; 169.124, subdivisions 2 and 3; 169.126, subdivisions 2, 3, and 4b; 360.075, subdivision 7; and 360.0751; Minnesota Statutes 1989 Supplement, sections 168.041, subdivision 4a; and 169.126, subdivision 4a.

Senate File No. 2177 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

Mr. Luther, for Mr. Spear, moved that the Senate do not concur in the amendments by the House to S.F. No. 2177, 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. 1499: A bill for an act relating to consumer protection; regulating certain rental-purchase agreements; prescribing the rights and duties of all parties; requiring disclosures; regulating advertising; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 325F

Senate File No. 1499 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Mr. Dahl moved that the Senate concur in the amendments by the House to S.F. No. 1499 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1499 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	Dahl	Johnson, D.E.	McGowan	Piepho
Anderson	Davis	Johnson, D.J.	Mehrkens	Piper
Beckman	Decker	Knaak	Metzen	Pogemiller
Belanger	DeCramer	Kroening	Moe, D.M.	Ramstad
Berglin	Dicklich	Laidig	Morse	Samuelson
Bernhagen	Flynn	Langseth	Novak	Schmitz
Bertram	Frederickson, D.J.	Larson	Olson	Storm
Brandl	Frederickson, D.R.	Lessard	Pariseau	Stumpf
Brataas	Freeman	Luther	Pehler	Vickerman
Cohen	Hughes	Marty	Peterson, R.W.	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2195: A bill for an act relating to waste; prohibiting certain types of low-level radioactive waste from being disposed of at other than licensed facilities; providing for a task force on radioactive waste deregulation; proposing coding for new law in Minnesota Statutes, chapter 116C.

Senate File No. 2195 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

Mr. Morse moved that the Senate do not concur in the amendments by the House to S.F. No. 2195, 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. 2396: A bill for an act relating to the environment; regulating the disposition of property acquired for response action; appropriating money; amending Minnesota Statutes 1988, section 115B.17, by adding a subdivision.

Senate File No. 2396 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Mr. Morse moved that the Senate concur in the amendments by the House to S.F. No. 2396 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2396: A bill for an act relating to the environment; exempting the state and political subdivisions from liability as responsible persons; regulating the disposition of property acquired for response action; appropriating money; amending Minnesota Statutes 1988, sections 115B.03, by adding a subdivision; and 115B.17, 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knaak	Morse	Renneke
Anderson	Davis	Knutson	Novak	Samuelson
Beckman	Decker	Kroening	Olson	Schmitz
Berglin	DeCramer	Laidig	Pariseau	Storm
Bernhagen	Dicklich	Lessard	Pehler	Stumpf
Bertram	Flynn	Luther	Piepho	Vickerman
Brandl	Frederickson, D.J.	Marty	Piper	
Brataas	Frederickson, D.R.	McGowan	Pogemiller	
Cohen	Hughes	Metzen	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. 2060: A bill for an act relating to drivers' licenses; defining gross vehicle weight and commercial motor vehicle; allowing holder of class CC driver's license with school bus endorsement to operate a small school bus; changing effective dates of requirements for commercial driver's license; setting fees; appropriating money; amending Minnesota Statutes 1988, sections 169.01, subdivision 46; 171.01, subdivision 16; and 171.321, subdivision 1; Minnesota Statutes 1989 Supplement, sections 169.01, subdivision 75; 171.01, subdivision 22; 171.02, subdivision 2; and 171.06, subdivision 2; Laws 1989, chapter 307, sections 43 and 44.

Senate File No. 2060 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Mr. DeCramer moved that the Senate concur in the amendments by the House to S.F. No. 2060 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2060 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 45 and nays 0, as follows:



Those who voted in the affirmative were:

Adkins	Cohen	Frederickson, D.R.	Luther	Piepho
Anderson	Dahl	Hughes	Marty	Piper
Beckman	Davis	Johnson, D.E.	McGowan	Ramstad
Belanger	DeCramer	Knaak	Mehrkens	Renneke
Berglin	Dicklich	Knutson	Metzen	Schmitz
Bernhagen	Flynn	Kroening	Morse	Solon
Bertram	Frank	Langseth	Olson	Storm
Brandl	Frederick	Larson	Pehler	Stumpf
Brataas	Frederickson, D.J.	Lessard	Peterson, R.W.	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. 2037: A bill for an act relating to agriculture; amending the definition of farm products; changing provisions related to wholesale produce dealers; imposing fees; providing for a wholesale dealers' trust; requiring mediation and arbitration in certain produce contracts; providing parent company liability; authorizing seizure of vehicles; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 17.14, subdivision 3; 27.01, subdivisions 2, 5, 8, and by adding a subdivision; 27.03, subdivision 1, and by adding subdivisions; 27.04; 27.041; 27.06; and 27.19; proposing coding for new law in Minnesota Statutes, chapter 27; repealing Minnesota Statutes 1988, section 27.05.

Senate File No. 2037 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

## CONCURRENCE AND REPASSAGE

Mr. Morse moved that the Senate concur in the amendments by the House to S.F. No. 2037 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2037 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:

Anderson	Dahl	Hughes	Marty	Piepho
Beckman	Decker	Johnson, D.E.	McGowan	Piper
Belanger	DeCramer	Knaak	Mehrkens	Ramstad
Berglin	Dicklich	Knutson	Metzen	Renneke
Bernhagen	Flynn	Kroening	Morse	Schmitz
Bertram	Frank	Laidig	Olson	Solon
Brandl	Frederick	Larson	Pariseau	Storm
Brataas	Frederickson, D.J.	Lessard	Pehler	Vickerman
Cohen	Frederickson, D.R.	Luther	Peterson, R.W.	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2346: A bill for an act relating to the state building code; accessibility for the physically disabled; establishing an access review board; providing for review of applications for permission to provide accessibility by means of stairway chair lifts; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 471.

Senate File No. 2346 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Mr. Beckman moved that the Senate concur in the amendments by the House to S.F. No. 2346 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2346 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 45 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Marty	Peterson, R.W.
Anderson	Decker	Knaak	McGowan	Piepho
Beckman	DeCramer	Knutson	Mehrrens	Piper
Berglin	Dicklich	Kroening	Moe, D.M.	Ramstad
Bernhagen	Flynn	Laidig	Morse	Renneke
Bertram	Frank	Langseth	Novak	Schmitz
Brandl	Frederickson, D.J.	Larson	Olson	Solon
Brataas	Frederickson, D.R.	Lessard	Pariseau	Storm
Cohen	Hughes	Luther	Pehler	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. 1822: A bill for an act relating to housing; providing for the administration of section 8 existing housing and low-rent public housing programs; clarifying and limiting local approval requirements; removing the exemption for special assessments for housing and redevelopment authorities; providing for the transfer of housing and housing development

projects to an economic development authority; authorizing the metropolitan council to plan and administer a section 8 program in the metropolitan area without approval of local units of government; amending Minnesota Statutes 1988, sections 469.002, subdivision 10, and by adding a subdivision; 469.004, subdivision 5; 469.005, subdivision 1; 469.012, subdivision 3; 469.016; 469.040, subdivisions 1 and 3; 469.094, subdivisions 1 and 2; and 473.195, subdivision 1; and Minnesota Statutes 1989 Supplement, section 469.012, subdivision 1.

Senate File No. 1822 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Mr. Frank moved that the Senate concur in the amendments by the House to S.F. No. 1822 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1822 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Frederick	Marty	Peterson, R. W.
Anderson	Dahl	Frederickson, D.J.	McGowan	Piper
Beckman	Davis	Hughes	Mehrkens	Ramstad
Berglin	Decker	Johnson, D.E.	Metzen	Renneke
Bernhagen	DeCramer	Knaak	Moe, D.M.	Schmitz
Bertram	Dicklich	Kroening	Morse	Solon
Brandl	Flynn	Laidig	Olson	Storm
Brataas	Frank	Luther	Pariseau	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. 1937: A bill for an act relating to health; establishing standards for safe levels of lead; requiring education about lead exposure; requiring lead assessments of certain residences; establishing standards for lead abatement; requiring rules; amending Minnesota Statutes 1988, section 116.52, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 1989 Supplement, sections 144.851 to 144.862.

Senate File No. 1937 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Ms. Berglin 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 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 37 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.E.	McQuaid	Piper
Anderson	Dicklich	Knaak	Mehrkens	Ramstad
Berglin	Diessner	Laidig	Metzen	Solon
Bertram	Flynn	Langseth	Moe, D.M.	Storm
Brandl	Frank	Lantry	Olson	Vickerman
Brataas	Frederick	Luther	Pariseau	
Cohen	Frederickson, D.J.	Marty	Pehler	
Dahl	Hughes	McGowan	Peterson, R. W.	

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

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Morse moved that the following members be excused for a Conference Committee on S.F. No. 2126 at 11:45 a.m.:

Messrs. Davis, Bernhagen, Beckman, DeCramer and Morse. 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. 1790: A bill for an act relating to health; establishing a legislative task force to study the regulation of health insurance premium rates and health care costs.

Senate File No. 1790 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Mr. Solon moved that the Senate concur in the amendments by the House to S.F. No. 1790 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1790: A bill for an act relating to health; creating a technology assistance review panel; establishing a legislative task force to study the

regulation of health insurance premium rates and health care costs; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

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 37 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knutson	McQuaid	Ramstad
Anderson	Dicklich	Laidig	Mehrken	Reichgott
Beckman	Flynn	Langseth	Metzen	Samuelson
Bertram	Frank	Lantry	Olson	Solon
Brandl	Frederick	Lessard	Pariseau	Storm
Brataas	Hughes	Luther	Peterson, R. W.	
Cohen	Johnson, D.E.	Marty	Piepho	
Dahl	Knaak	McGowan	Piper	

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. 1866: A bill for an act relating to Lake Superior; establishing an information and education authority; proposing coding for new law as Minnesota Statutes, chapter 85B.

Senate File No. 1866 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

**CONCURRENCE AND REPASSAGE**

Mr. Solon moved that the Senate concur in the amendments by the House to S.F. No. 1866 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1866: A bill for an act relating to Lake Superior; establishing an information and education authority.

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

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

The roll was called, and there were yeas 36 and nays 6, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Kroening	McQuaid	Schmitz
Anderson	Dicklich	Laidig	Mehrkens	Solon
Berglin	Flynn	Langseth	Metzen	Storm
Bertram	Frank	Lantry	Olson	Stumpf
Brandl	Frederick	Lessard	Pehler	
Brataas	Hughes	Luther	Piper	
Cohen	Johnson, D.E.	Marty	Ramstad	
Dahl	Knutson	McGowan	Samuelson	

Those who voted in the negative were:

Knaak	Pariseau	Peterson, R. W.	Piepho	Renneke
Merriam				

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. 1001: A bill for an act relating to the community dispute resolution program; giving the state planning agency joint responsibility with the state court administrator's office for administration of the program; establishing eligibility criteria for grant recipients; appropriating money; amending Minnesota Statutes 1988, sections 494.01, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 494; repealing Minnesota Statutes 1988, sections 494.01, subdivisions 3, 4, and 5; and 494.04.

Senate File No. 1001 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

Mr. Merriam moved that S.F. No. 1001 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. 2160: A bill for an act relating to education; providing for the environmental education act; creating the office of environmental education; proposing coding for new law as Minnesota Statutes, chapter 126A; repealing Minnesota Statutes 1988, sections 116E.01; 116E.02; 116E.03, subdivisions 2, 3, 4, 5, 6, 7, 7a, 8, and 9; and 116E.04; Minnesota Statutes 1989 Supplement, sections 116E.03, subdivision 1; and 116E.035.

Senate File No. 2160 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

Mr. Merriam moved that the Senate do not concur in the amendments by the House to S.F. No. 2160, 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. 1903: A bill for an act relating to health; providing programs and incentives for persons to volunteer as bone marrow donors; requiring the commissioner of health to educate residents about the need for volunteer bone marrow donors; requiring paid leave for employees to donate bone marrow; requiring a bone marrow donor drive to encourage state employees to volunteer as bone marrow donors; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 145 and 181.

Senate File No. 1903 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Mr. Merriam moved that the Senate concur in the amendments by the House to S.F. No. 1903 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1903 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 38 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Langseth	Merriam	Ramstad
Anderson	Frederick	Lantry	Metzen	Renneke
Berglin	Hughes	Lessard	Olson	Schmitz
Bertram	Johnson, D.E.	Luther	Pariseau	Sokon
Cohen	Knaak	Marty	Pehler	Storm
Dahl	Knutson	McGowan	Peterson, R.W.	Vickerman
Decker	Kroening	McQuaid	Piepho	
Flynn	Laidig	Mehrkens	Piper	

Mr. Brandl voted in the negative.

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 1847: A bill for an act relating to human rights; amending the definition of age; clarifying medical information obtainable from prospective employees; clarifying protection for pregnant employees; prohibiting threats against home owners and renters; prohibiting discriminatory business practices; clarifying the meaning of business necessity and continuing violations; renumbering definitions; amending Minnesota Statutes 1988, sections 363.01, subdivision 28; 363.03, subdivisions 2, 8a, and by adding subdivisions; 363.06, subdivision 1, and by adding a subdivision; 363.071, by adding subdivisions; 363.116; Minnesota Statutes 1989 Supplement, sections 363.02, subdivision 1; and 363.03, subdivision 1.

There has been appointed as such committee on the part of the House: Orenstein, Carruthers and Bishop.

Senate File No. 1847 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 1827: A bill for an act relating to civil actions; providing for immunity from liability for unpaid members of county agricultural society boards; addressing reduction of damages in an action under no-fault automobile insurance; preserving common law tort law claims against adults who knowingly provide alcoholic beverages to minors; increasing the amount of claims that may be settled without court approval under the municipal compromise of claims statute; changing the standard for awarding punitive damages; addressing when a principal may be held liable for punitive damages for an act of the principal's agent; requiring a separate trial to address punitive damages; requiring the court to review a punitive damages award; making the contributory negligence rule apply to damages resulting from economic loss; redefining fault; abolishing the doctrine of last clear chance; providing immunity from liability for volunteer ski patrollers; allowing recovery of attorney fees by good faith reporters under the child abuse reporting act; repealing the limit on intangible loss damages and the requirement that a jury specify amounts for past, future, and intangible loss damages; amending Minnesota Statutes 1988, sections 38.013; 65B.51, subdivision 1; 340A.801, by adding a subdivision; 466.08; 541.051, subdivision 1; 548.36, subdivision 3; 549.20, subdivisions 1, 2, and by adding subdivisions; 604.01, subdivisions 1, 1a, and 3; 604.05, subdivision 2; 626.556, subdivision 4; repealing Minnesota Statutes 1988, sections 549.23 and 549.24.

There has been appointed as such committee on the part of the House: Orenstein, Carruthers and Bishop.

Senate File No. 1827 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives



Returned April 19, 1990

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. 1081: A bill for an act relating to courts; providing for a study by the supreme court of racial bias in the judicial system; appropriating money.

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

Senate File No. 1081 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 394: A bill for an act relating to education; requiring a report on preparation of post-secondary education administrators and faculty.

There has been appointed as such committee on the part of the House: Jaros, McGuire and Pellow.

Senate File No. 394 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 1946: A bill for an act relating to agriculture; providing for deficiency judgments relating to foreclosure and sale of mortgages on property used in agricultural production; requiring fair market value to be determined by the court; extending period for execution on judgment; amending Minnesota Statutes 1988, sections 500.24, subdivision 4; 582.30, subdivisions 3, 4, 5, and 6.

There has been appointed as such committee on the part of the House: Bertram, Sparby and Redalen.

Senate File No. 1946 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 1896: A bill for an act relating to health; providing exemptions from the infectious waste control act; requiring hospitals to accept certain infectious waste; modifying standards for ambulance drivers; requiring adoption of rules setting new standards for recertification of and upgrading to emergency care course certificates; increasing reimbursement for volunteers; authorizing an emergency medical services advisory committee; regulating the provision of special transportation services; requiring studies; encouraging rural medical school applicants; requiring a study of medical assistance reimbursement for physicians; creating a rural hospital planning and transition grant program; creating a rural hospital subsidy fund; allowing counties authority to exceed levy limits; appropriating money; amending Minnesota Statutes 1989 Supplement, sections 116.76, subdivision 9; 116.78, by adding subdivisions; 144.804, subdivisions 1 and 7; 144.809; 144.8091; Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 136A; 144; and 174.

There has been appointed as such committee on the part of the House: Cooper, Sparby, Brown, Kalis and Boo.

Senate File No. 1896 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 2158: A bill for an act relating to utilities; regulating flexible gas utility rates; repealing sunset provisions relating to flexible gas utility rates; appropriating money; amending Minnesota Statutes 1988, section 216B.163; and Laws 1987, chapter 371, section 4.

There has been appointed as such committee on the part of the House: Jacobs, Osthoff and Bennett.

Senate File No. 2158 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 2126: A bill for an act relating to health; providing regulations for bulk pesticide storage; amending provisions relating to pesticide registration fees and application fees; requiring permits for sources of irrigation water; requiring a permit for construction of a fertilizer distribution facility; requiring a responsible party to immediately take reasonable action necessary to abate an agricultural chemical incident; requiring certain administrative hearings on contested orders within 14 days; crediting certain agricultural penalties to the pesticide or fertilizer regulatory accounts; amending provisions relating to the registration surcharge and the agricultural chemical response and reimbursement fee; appropriating money from the general fund to be reimbursed with response and reimbursement fees; amending provisions relating to response and reimbursement eligibility; providing commissioner of agriculture authority under chapter 115B for agricultural chemical incidents; clarifying requirements for water well construction and ownership; clarifying provisions for at-grade monitoring wells; establishing reduced isolation distances for facilities with safeguards; clarifying conditions to issue a limited well contractor's license; amending effective dates; amending appropriations; amending Minnesota Statutes 1988, sections 18B.14, subdivision 2; 18B.27, subdivision 3; 18B.28, subdivision 4; 105.37, by adding a subdivision; 105.41, subdivision 4, and by adding a subdivision; 115B.02, subdivisions 3, 4, and by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 18B.26, subdivision 3; 18C.205, subdivision 2; 18C.305, subdivision 1; 18D.103, subdivision 1; 18D.321, subdivision 2; 18E.03, subdivisions 3, 4, 5, and by adding a subdivision; 18E.04, subdivision 1; 103B.3369, subdivision 5; 103I.005, subdivisions 2, 8, 9, 16, and by adding a subdivision; 103I.101, subdivisions 2, 5, and 6; 103I.111, subdivision 5, and by adding a subdivision; 103I.205, subdivisions 1, 2, 4, 5, 6, and 8; 103I.208, subdivision 2; 103I.235; 103I.301, subdivision 3; 103I.311, subdivision 3; 103I.325, subdivision 2; 103I.525, subdivisions 1, 5, and 6; 103I.531, subdivision 4; 103I.541, subdivision 1, and by adding subdivisions; 103I.681; 103I.685; 103I.691; 103I.705, subdivisions 2 and 3; 105.41, subdivisions 1c and 5a; 115B.20, subdivision 1; 116C.69, subdivision 3; Laws 1989, chapters 326, article 3, section 49; article 6, section 33, subdivision 2; article 8, section 10; and 335, article 1, section 23, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 18D and 103I; repealing Minnesota Statutes 1988, section 115B.17, subdivision 8; Minnesota Statutes 1989 Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; 103I.325, subdivision 1; and 103I.533.

There has been appointed as such committee on the part of the House:

Price, Kalis, Bishop, Munger and Redalen.

Senate File No. 2126 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 1777: A bill for an act relating to Ramsey county; setting the terms of charter commission members; amending Minnesota Statutes 1988, section 383A.553, subdivision 1.

There has been appointed as such committee on the part of the House: Kostohryz, McGuire and Valento.

Senate File No. 1777 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

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. 2527: A bill for an act relating to agriculture; establishing an agricultural liming material law; allowing agreements between the commissioner of agriculture and certain persons required to file reports under the corporate farming law; appropriating money; prescribing penalties; amending Minnesota Statutes 1988, section 500.24, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 18F

There has been appointed as such committee on the part of the House: Jennings, Sparby and Redalen.

Senate File No. 2527 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2721 and 2495.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1990

**FIRST READING OF HOUSE BILLS**

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

H.F. No. 2721: A bill for an act relating to retirement; Minneapolis police and firefighters; health and medical benefits; continuance of surviving spouse benefits; St. Louis Park police survivor benefits; amending Laws 1949, chapter 406, section 6, subdivision 1, as amended; and Laws 1965, chapter 519, section 1, as amended.

Referred to the Committee on Governmental Operations.

H.F. No. 2495: A bill for an act relating to farm safety; providing for a pilot project of comprehensive farm safety audits; appropriating money.

Referred to the Committee on Finance.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Vickerman introduced—

Senate Resolution No. 187: A Senate resolution congratulating Merrill Starr, of Tracy, Minnesota, for 70 continuous years of Masonic service.

Referred to the Committee on Rules and Administration.

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. Brandl, Benson and Storm introduced—

S.F. No. 2641: A bill for an act relating to health; stating legislative policy on abortion; requiring counseling and disclosure of certain information before an abortion; restricting abortions after the 23rd week of pregnancy; proposing coding for new law in Minnesota Statutes, chapter 145.

Referred to the Committee on Health and Human Services.

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 2181 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 2181**

A bill for an act relating to labor; regulating joint labor-management committees; regulating public employee elections; providing for the selection of arbitrators by mutual agreement; amending Minnesota Statutes 1988, sections 179.02, by adding a subdivision; 179.84, subdivision 1; 179.85; 179A.04, subdivision 3; 179A.12, subdivisions 7 and 11; and Minnesota Statutes 1989 Supplement, section 179A.16, subdivision 4.

April 18, 1990

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. 2181, 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) Carol Flynn, Donald M. Moe, Bob Decker

House Conferees: (Signed) Andy Dawkins, Joseph Begich, Tony L. Bennett

Ms. Flynn moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2181 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. 2181 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Laidig	Mehrkens	Piper
Anderson	Dicklich	Langseth	Metzen	Ramstad
Berglin	Diessner	Lantry	Moe, D.M.	Renneke
Bertram	Flynn	Lessard	Olson	Samuelson
Brandl	Frank	Luther	Pariseau	Schmitz
Brataas	Hughes	Marty	Pehler	Solon
Cohen	Knaak	McGowan	Peterson, R.W.	Storm
Dahl	Knutson	McQuaid	Piepho	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. 2156 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2156

A bill for an act relating to local government; allowing municipalities to enter into certain contracts to reduce energy and operating costs; amending Minnesota Statutes 1988, section 471.345, by adding a subdivision; repealing Minnesota Statutes 1988, section 471.345, subdivision 9.

April 17, 1990

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. 2156, 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) James C. Pehler, Jim Vickerman, David J. Frederickson

House Conferees: (Signed) Wayne Simoneau, Ron Abrams, Peter McLaughlin

Mr. Pehler moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2156 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. 2156 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Laidig	Metzen	Ramstad
Anderson	Decker	Langseth	Olson	Schmitz
Berglin	Dicklich	Lessard	Pariseau	Solon
Bertram	Flynn	Luther	Pehler	Spear
Brandl	Frank	Marty	Peterson, R. W.	Storm
Brataas	Hughes	McGowan	Piepho	Vickerman
Cohen	Knaak	Mehrrens	Piper	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1983 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1983

A bill for an act relating to liquor; authorizing the metropolitan airports commission to issue off-sale liquor licenses for the sale of Minnesota wine; amending Minnesota Statutes 1988, section 340A.405, by adding a subdivision.

April 17, 1990

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. 1983, 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. 1983 be further amended as follows:

Page 1, after line 13, 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) Joe Bertram, Sr., Allan H. Spear, Phyllis W. McQuaid

House Conferees: (Signed) Bernie Omann, Rich O'Connor

Mr. Bertram moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1983 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. 1983 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Kroening	McGowan	Ramstad
Anderson	Decker	Laidig	Metzen	Renneke
Berglin	Dicklich	Langseth	Olson	Schmitz
Bertram	Flynn	Larson	Pariseau	Spear
Brandl	Frank	Lessard	Pehler	Storm
Brataas	Hughes	Luther	Peterson, R. W.	Vickerman
Cohen	Knaak	Marty	Piper	

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

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

S.F. No. 1999 and the Conference Committee Report thereon were reported to the Senate.

### **CONFERENCE COMMITTEE REPORT ON S.F. NO. 1999**

A bill for an act relating to agriculture; changing certain duties, procedures, and requirements related to organic food; amending Minnesota Statutes 1988, sections 31.92, by adding subdivisions; 31.94; and 31.95.

April 19, 1990

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. 1999, 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. 1999 be further amended as follows:

Page 2, delete lines 24 to 36

Page 3, delete lines 1 to 5 and insert:



*"Subd. 3a. [CERTIFICATION ORGANIZATIONS.] (a) A Minnesota grown organic product that is labeled "certified" must be certified by a designated certification organization.*

*(b) A certified organic product sold in this state must be certified by a designated certification organization or by a certification organization approved by the commissioner. Before approving a certification organization, the commissioner must seek the evaluation and recommendation of the Minnesota organic advisory task force.*

*(c) The commissioner shall appoint a Minnesota organic advisory task force composed of members of the organic industry to advise the commissioner on organic issues. Members of the task force may not be paid compensation or costs for expenses."*

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) James C. Pehler, Charles R. Davis, Lyle G. Mehrkens

House Conferees: (Signed) Paul Anders Ogren, Ted Winter, Bernie Omann

Mr. Pehler moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1999 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. 1999 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Kroening	McGowan	Ramstad
Berglin	Dicklich	Laidig	Metzen	Renneke
Bertram	Flynn	Langseth	Olson	Schmitz
Brandl	Frank	Larson	Pariseau	Spear
Brataas	Hughes	Lessard	Pehler	Storm
Cohen	Johnson, D.E.	Luther	Peterson, R. W.	Vickerman
Dahl	Knaak	Marty	Piper	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Dahl moved that S.F. No. 1894 be taken from the table. The motion prevailed.

S.F. No. 1894: A bill for an act relating to environment and natural resources; amending provisions relating to water management organizations; providing legislative commission oversight of the metropolitan water management act; authorizing management and financing of drainage systems under certain laws; clarifying water management purposes; authorizing counties to remove watershed district managers for just cause; authorizing a technical advisory committee; requiring watershed management organizations to prepare newsletters, annual reports, and audits; providing for preparation of watershed plans and implementation of plans; providing penalties for not implementing plans; authorizing and directing the board

of water and soil resources to adopt rules; providing for appeal of plan failures; providing for requests for proposals for certain services; authorizing accumulation of levy proceeds; requiring a draining system report; appropriating money; amending Minnesota Statutes 1988, sections 110B.28; 110B.30; 112.42, by adding a subdivision; 473.875; 473.876, by adding a subdivision; 473.877, subdivision 1; 473.878, subdivisions 1, 1a, 2, 3, 4, 8, and by adding subdivisions; 473.879, subdivision 2; 473.881; 473.882, subdivision 1; and 473.883, subdivisions 3 and 7; Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 112 and 473.

Mr. Dahl moved that the Senate do not concur in the amendments by the House to S.F. No. 1894, 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. Dahl moved that S.F. No. 2619 be taken from the table. The motion prevailed.

S.F. No. 2619: A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

**CONCURRENCE AND REPASSAGE**

Mr. Dahl moved that the Senate concur in the amendments by the House to S.F. No. 2619 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2619 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knutson	Metzen	Renneke
Anderson	Dicklich	Laidig	Olson	Samuelson
Berglin	Flynn	Larson	Pariseau	Schmitz
Bertram	Frank	Lessard	Pehler	Solon
Brandl	Hughes	Luther	Peterson, R. W.	Spear
Cohen	Johnson, D.E.	Marty	Piepho	Storm
Dahl	Knaak	McGowan	Ramstad	Vickerman

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Brandl moved that S.F. No. 1940 be taken from the table. The motion prevailed.

S.F. No. 1940: A bill for an act relating to health; specifying requirements for a health maintenance organization application for a certificate; establishing protections against conflicts of interest; establishing requirements for a guaranteeing organization; including certain investments as admitted assets; requiring an expedited resolution of disputes about coverage of immediately and urgently needed service; allowing replacement coverage by other health maintenance organizations; allowing appointment of a special examiner; amending Minnesota Statutes 1988, sections 62D.02, subdivision 15; 62D.03, subdivision 4; 62D.04, subdivision 1; 62D.041,

subdivision 2; 62D.044; 62D.08, subdivisions 1, 2, and 6; 62D.11, subdivisions 1a, 4, and by adding a subdivision; 62D.121, by adding a subdivision; 62D.17, subdivisions 1 and 4; 62D.18, subdivision 1; 62D.211; Minnesota Statutes 1989 Supplement, sections 62D.121, subdivision 3; 72A.491, by adding a subdivision; Laws 1988, chapter 434, section 24; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1988, sections 62D.12, subdivisions 14 and 16; 62D.18, subdivisions 2 to 5; and 62D.20, subdivision 2.

### CONCURRENCE AND REPASSAGE

Mr. Brandl moved that the Senate concur in the amendments by the House to S.F. No. 1940 and that the bill be placed on its repassage as amended.

Mr. Knutson moved that the Senate do not concur in the amendments by the House to S.F. No. 1940, 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.

### CALL OF THE SENATE

Mr. Brandl imposed a call of the Senate for the balance of the proceedings on S.F. No. 1940. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Knutson.

The roll was called, and there were yeas 17 and nays 25, as follows:

Those who voted in the affirmative were:

Anderson	Johnson, D.E.	Larson	Pariseau	Storm
Brataas	Knaak	McGowan	Piepho	
Decker	Knutson	Mehrkens	Ramstad	
Frederick	Laidig	Olson	Renneke	

Those who voted in the negative were:

Adkins	Cohen	Hughes	Metzen	Piper
Beckman	Dicklich	Kroening	Moe, D.M.	Schmitz
Berglin	Flynn	Lessard	Moe, R.D.	Solon
Bertram	Frank	Luther	Morse	Spear
Brandl	Freeman	Marty	Pehler	Vickerman

The motion did not prevail.

The question recurred on the adoption of the motion of Mr. Brandl. The motion prevailed.

S.F. No. 1940 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 39 and nays 7, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Johnson, D.E.	Merriam	Ramstad
Anderson	Cohen	Knaak	Metzen	Schmitz
Beckman	Decker	Kroening	Moe, D.M.	Solon
Belanger	DeCramer	Lessard	Moe, R.D.	Spear
Berglin	Dicklich	Luther	Morse	Storm
Bernhagen	Flynn	Marty	Pehler	Stumpf
Bertram	Frank	McGowan	Peterson, R. W.	Vickerman
Brandl	Hughes	Mehrrens	Piper	

Those who voted in the negative were:

Frederick	Larson	Pariseau	Piepho	Renneke
Knutson	Olson			

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

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1874 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1874

A bill for an act relating to meetings of public bodies; government data practices; defining final disposition of a disciplinary action regarding personnel records; making clear that meetings may not be closed on the basis of data classification statutes; providing an exception to the open meeting law for preliminary discussions concerning allegations of misconduct against government employees or evaluations of government employees; amending Minnesota Statutes 1988, sections 13.43, subdivision 2; and 471.705, by adding subdivisions.

April 12, 1990

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. 1874, 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. 1874 be further amended as follows:

Page 3, line 14, delete "*law enforcement agency*" and insert "*state agency, statewide system, or political subdivision*"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Richard J. Cohen, Gene Merriam, Fritz Knaak

House Conferees: (Signed) Phil Carruthers, Thomas W. Pugh, Kathleen Blatz

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1874 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. 1874 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	Laidig	Moe, R.D.	Solon
Anderson	DeCramer	Larson	Olson	Spear
Beckman	Dicklich	Lessard	Pariseau	Storm
Belanger	Flynn	Luther	Pehler	Stumpf
Berglin	Frank	Marty	Peterson, R. W.	Vickerman
Bernhagen	Frederick	McGowan	Piepho	Waldorf
Bertram	Hughes	Mehrkens	Piper	
Brandl	Johnson, D.E.	Merriam	Ramstad	
Brataas	Knaak	Metzen	Renneke	
Cohen	Kroening	Moe, D.M.	Schmitz	

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. 1674: Messrs. Berg; Morse; Frederickson, D.J.; Frederickson, D.R. and Larson.

S.F. No. 2160: Messrs. Merriam; Frederickson, D.R. and Lessard.

S.F. No. 2195: Messrs. Morse, Knaak and Marty.

S.F. No. 1894: Messrs. Dahl, Novak and Knaak.

S.F. No. 2177: Messrs. Spear, Marty and Belanger.

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 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. 2282: A bill for an act relating to contracts; providing for enforcement of certain contracts; proposing coding for new law as Minnesota Statutes, chapter 338.

Senate File No. 2282 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Mr. Frank moved that the Senate concur in the amendments by the House to S.F. No. 2282 and that the bill be placed on its repassage as amended.

### CALL OF THE SENATE

Mr. Frank imposed a call of the Senate for the balance of the proceedings on S.F. No. 2282. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Knaak moved that the Senate do not concur in the amendments by the House to S.F. No. 2282, 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. Knaak.

The roll was called, and there were yeas 12 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Johnson, D.E.	Laidig	Mehrkens	Moe, D.M.
Benson	Knaak	McGowan	Merriam	Storm
Bertram	Knutson			

Those who voted in the negative were:

Adkins	Decker	Hughes	Metzen	Schmitz
Belanger	Dicklich	Johnson, D.J.	Novak	Spear
Berglin	Flynn	Kroening	Olson	Stumpf
Brandl	Frank	Larson	Piper	Waldorf
Cohen	Frederick	Luther	Pogemiller	
Dahl	Freeman	Marty	Ramstad	

The motion did not prevail.

The question recurred on the motion of Mr. Frank. The motion prevailed.

S.F. No. 2282 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 20, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Hughes	Mehrkens	Piper
Beckman	DeCramer	Johnson, D.E.	Metzen	Pogemiller
Belanger	Dicklich	Johnson, D.J.	Moe, D.M.	Schmitz
Berglin	Flynn	Kroening	Moe, R.D.	Solon
Brandl	Frank	Lessard	Morse	Spear
Cohen	Frederickson, D.J.	Luther	Novak	Stumpf
Dahl	Freeman	Marty	Pehler	Waldorf

Those who voted in the negative were:

Anderson	Bertram	Frederickson, D.R.	Larson	Pariseau
Benson	Brataas	Knaak	McGowan	Ramstad
Berg	Decker	Knutson	Merriam	Renneke
Bernhagen	Frederick	Laidig	Olson	Storm

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. 443: A bill for an act relating to health; establishing standards for the use of nitrous oxide in the practice of podiatric medicine; amending Minnesota Statutes 1988, section 153.01, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 153.

Senate File No. 443 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Mr. Pogemiller moved that the Senate concur in the amendments by the House to S.F. No. 443 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 443 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Knaak	Merriam	Renneke
Anderson	Dahl	Kroening	Metzen	Schmitz
Beckman	Davis	Laidig	Moe, D.M.	Spear
Belanger	Decker	Larson	Moe, R.D.	Stumpf
Benson	Dicklich	Lessard	Olson	Waldorf
Berglin	Flynn	Luther	Pehler	
Bernhagen	Frank	Marty	Piper	
Bertram	Hughes	McGowan	Pogemiller	
Brataas	Johnson, D.E.	Mehrkens	Ramstad	

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

### MEMBERS EXCUSED

Messrs. Chmielewski and Gustafson were excused from the Session of today. Mr. Dahl was excused from the Session of today from 9:00 to 10:30 a.m. and 12:45 to 1:45 p.m. Mr. Brandl was excused from the Session of today from 9:00 to 11:00 a.m. Mr. Spear was excused from the Session of today from 9:00 a.m. to 12:30 p.m. Mr. Novak was excused from the Session of today at 9:45 a.m. Mr. Stumpf was excused from the Session of today from 10:00 to 10:30 a.m. Mr. Frank was excused from the Session of today from 10:45 a.m. to 12:10 p.m. Mr. Lessard was excused from the Session

of today from 10:15 to 10:30 a.m. and 10:45 to 11:00 a.m. Mr. Piepho was excused from the Session of today from 11:45 a.m. to 12:05 p.m. Ms. Reichgott was excused from the Session of today at 9:00 a.m. Messrs. Berg; Larson; Frederickson, D.J.; Frederickson, D.R. and Vickerman were excused from the Session of today from 11:30 a.m. to 2:00 p.m.

### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Monday, April 23, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



## NINETY-FOURTH DAY

St. Paul, Minnesota, Monday, April 23, 1990

The Senate met at 10:00 a.m. and was called to order by the President.

### CALL OF THE SENATE

Mr. Brandl 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 members of the Senate gave the pledge of allegiance to the flag of the United States of America.

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

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

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, 1990

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. 354, 1739, 1772, 2012, 2109, 2179 and 2224.

Sincerely,  
Rudy Perpich, Governor

April 20, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
1739		460	1000 hours April 20	April 20
	1952	461	1050 hours April 20	April 20
	1857	462	1005 hours April 20	April 20
	1846	463	1010 hours April 20	April 20
	1730	465	1012 hours April 20	April 20
	2458	466	1053 hours April 20	April 20
	2204	467	1030 hours April 20	April 20
	2401	468	1056 hours April 20	April 20
	1918	469	1059 hours April 20	April 20
2179		470	1035 hours April 20	April 20
2224		472	1104 hours April 20	April 20
1772		473	1115 hours April 20	April 20
2109		475	1014 hours April 20	April 20
354		476	1038 hours April 20	April 20
2012		477	1117 hours April 20	April 20
	2131	478	1041 hours April 20	April 20
	2025	479	1044 hours April 20	April 20

Sincerely,  
Joan Anderson Growe  
Secretary of State

### MOTIONS AND RESOLUTIONS

Mrs. Adkins moved that H.F. No. 2230 and the Conference Committee Report thereon be taken from the table. The motion prevailed.

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2230

A bill for an act relating to public purchasing; establishing programs for purchasing from certain small targeted group businesses and businesses located in economically disadvantaged areas; requiring prompt payment to subcontractors; providing penalties; amending Minnesota Statutes 1988, sections 16B.07, by adding a subdivision; 16B.20, subdivisions 1 and 3; 161.321, subdivisions 1, 4, 5, and by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 16B.19; 16B.20, subdivision 2; 16B.21; 16B.22; 16B.226; 116J.68; 136.27; 136.72; 137.31, subdivision 6; 161.321,

subdivisions 2, 3, and 6; 161.3211; 241.27, subdivision 2; 471.345, subdivision 8; and 473.142; Laws 1989, chapter 352, section 25; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; and 137; repealing Minnesota Statutes 1989 Supplement, sections 16B.189; 137.31, subdivision 3a; and 645.445, subdivision 5.

April 12, 1990

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. 2230, 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) Richard H. Jefferson, Ted Winter, Sidney Pauly

Senate Conferees: (Signed) Betty A. Adkins, John J. Marty, Cal Larson

Mrs. Adkins moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2230 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. 2230 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	Decker	Knaak	Merriam	Ramstad
Beckman	DeCramer	Kroening	Metzen	Reichgott
Belanger	Dicklich	Laidig	Moe, R. D.	Renneke
Benson	Flynn	Langseth	Morse	Samuelson
Berglin	Frank	Lantry	Novak	Schmitz
Bernhagen	Frederick	Larson	Olson	Spear
Bertram	Frederickson, D.J.	Lessard	Pariseau	Storm
Brandl	Frederickson, D.R.	Luther	Pehler	Stumpf
Cohen	Gustafson	Marty	Peterson, R. W.	Vickerman
Dahl	Hughes	McGowan	Piepho	
Davis	Johnson, D.E.	McQuaid	Piper	

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

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. 2302: A bill for an act relating to telephone services; requiring local location identification data bases for 911 systems; classifying data provided for data bases; amending Minnesota Statutes 1988, sections 403.02, by adding a subdivision; and 403.07, by adding subdivisions; Minnesota Statutes 1989 Supplement, section 403.11, subdivision 1.

Senate File No. 2302 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1990

### CONCURRENCE AND REPASSAGE

Mr. Stumpf moved that the Senate concur in the amendments by the House to S.F. No. 2302 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2302 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	Knutson	Moe, R.D.	Reichgott
Anderson	Decker	Kroening	Morse	Renneke
Beckman	DeCramer	Langseth	Novak	Samuelson
Belanger	Dicklich	Lantry	Olson	Schmitz
Benson	Flynn	Larson	Pariseau	Spear
Berglin	Frank	Luther	Pehler	Storm
Bernhagen	Frederick	Marty	Peterson, R. W.	Stumpf
Bertram	Frederickson, D.J.	McGowan	Piepho	Vickerman
Brandl	Gustafson	McQuaid	Piper	Waldorf
Cohen	Hughes	Merriam	Pogemiller	
Dahl	Johnson, D.E.	Metzen	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 that the House has adopted the recommendation and report of the Conference Committee on House File No. 2390, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2390 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1990

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2390**

A bill for an act relating to children; providing improved procedures to protect the safety and welfare of abused and neglected children; improving data practices; requiring the commissioner of health to encourage display of posters informing pregnant women of the dangers of alcohol use; excluding persons with a history of child abuse or criminal sexual behavior from certain protections for criminal offenders; increasing penalties for assault against a child when there is a past pattern of child abuse; increasing the penalties for malicious child punishment resulting in great bodily harm and assaulting a child protection worker; including mental injuries and threatened injuries as abuse to be reported as maltreatment of minors; amending Minnesota Statutes 1988, sections 147.09; 259.40, subdivisions 1 and 4; 260.011, subdivision 2; 260.155, subdivision 1; 609.2231, by adding a subdivision; 626.556, subdivisions 1, 3, 4, and by adding a subdivision; 626.559, subdivision 2; Minnesota Statutes 1989 Supplement, sections 179A.03, subdivision 7; 245A.04, subdivision 3; 260.015, subdivision 2a; 260.161, subdivision 2; 260.171, subdivision 4; 260.221, subdivision 1; 364.09; 609.223; 609.377; 626.556, subdivisions 2, 10e, and 11; and 626.558, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 120; 144; and 245.

April 17, 1990

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. 2390, 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. 2390 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [3.9227] [LEGISLATIVE COMMISSION ON CHILD PROTECTION.]

*Subdivision 1. [CREATION.] A legislative commission on child protection is created consisting of ten members. Five members of the house of representatives, including members of the minority caucus, shall be appointed by the speaker and five members of the senate, including members of the minority caucus, shall be appointed by the subcommittee on committees. Members serve until expiration of their legislative terms and vacancies must be filled in the same manner as the original positions.*

*Subd. 2. [POWERS AND DUTIES.] The commission shall study matters relating to child protection and coordinate and oversee activities of the standing committees dealing with these issues. The commission's agenda shall include:*

*(1) analyzing and making recommendations regarding federal, state, and county funding and responsibility for the child protection system;*

*(2) developing ways to maximize the use of federal funding sources to enhance state child protection efforts; and*

*(3) encouraging and facilitating the funding of child protection services with an emphasis on prevention and treatment.*

*Subd. 3. [REPORT.] The commission shall report its findings and recommendations to the governor and the legislature by December 15 of each even-numbered year, beginning in 1992.*

*Subd. 4. [ADMINISTRATION.] The commission shall utilize existing legislative staff in carrying out its duties.*

Sec. 2. [144.3871] [POSTERS ON THE DANGERS OF ALCOHOL USE.]

*The commissioner of health shall encourage all establishments required to obtain on-sale or off-sale intoxicating liquor licenses under chapter 340A, to display, in a prominent location, posters informing pregnant women of the dangers of alcohol use. The commissioner shall make posters available, at no charge, to establishments with on-sale or off-sale licenses for intoxicating liquors. Posters must provide, in large print, the following message: "Warning: drinking alcoholic beverages during pregnancy can cause birth defects and prematurity" or a similar message approved by the commissioner of health.*

Sec. 3. Minnesota Statutes 1988, section 145.88, is amended to read:

145.88 [PURPOSE.]

The legislature finds that it is in the public interest to assure:

(a) Statewide planning and coordination of maternal and child health services through the acquisition and analysis of population-based health data, provision of technical support and training, and coordination of the various public and private maternal and child health efforts; and

(b) Support for targeted maternal and child health services in communities with significant populations of high risk, low income families through a grants process.

Federal money received by the Minnesota department of health, pursuant to United States Code, title 42, sections 701 to 709, shall be expended to:

(1) assure access to quality maternal and child health services for mothers and children, especially those of low income and with limited availability to health services *and those children at risk of physical, neurological, emotional, and developmental problems arising from chemical abuse by a mother during pregnancy;*

(2) reduce infant mortality and the incidence of preventable diseases and handicapping conditions among children;

(3) reduce the need for inpatient and long-term care services and to otherwise promote the health of mothers and children, especially by providing preventive and primary care services for low income mothers and children and prenatal, delivery and postpartum care for low income mothers;

(4) provide rehabilitative services for blind and disabled children under age 16 receiving benefits under Title XVI of the Social Security Act; and

(5) provide and locate medical, surgical, corrective and other service for children who are crippled or who are suffering from conditions that lead to crippling.

Sec. 4. Minnesota Statutes 1989 Supplement, section 145.882, subdivision 7, is amended to read:

Subd. 7. [USE OF BLOCK GRANT MONEY.] (a) Maternal and child health block grant money allocated to a community health board or community health services area under this section must be used for qualified programs for high risk and low income individuals. Block grant money must be used for programs that:

(1) specifically address the highest risk populations, particularly low income and minority groups with a high rate of infant mortality and children with low birth weight, by providing services, *including pre-pregnancy family planning services*, calculated to produce measurable decreases in infant mortality rates, instances of children with low birth weight, and medical complications associated with pregnancy and childbirth, *including infant mortality, low birth rates, and medical complications arising from chemical abuse by a mother during pregnancy*;

(2) specifically target pregnant women whose age, medical condition, or maternal history, *or chemical abuse* substantially increases the likelihood of complications associated with pregnancy and childbirth or the birth of a child with an illness, disability, or special medical needs;

(3) specifically address the health needs of young children who have or are likely to have a chronic disease or disability or special medical needs, *including physical, neurological, emotional, and developmental problems that arise from chemical abuse by a mother during pregnancy*;

(4) provide family planning and preventive medical care for specifically identified target populations, such as minority and low income teenagers, in a manner calculated to decrease the occurrence of inappropriate pregnancy and minimize the risk of complications associated with pregnancy and childbirth; or

(5) specifically address the frequency and severity of childhood injuries in high risk target populations by providing services calculated to produce measurable decreases in mortality and morbidity. However, money may be used for this purpose only if the community health board's application includes program components for the purposes in clauses (1) to (4) in the proposed geographic service area and the total expenditure for injury-related programs under this clause does not exceed ten percent of the total allocation under subdivision 3.

(b) Maternal and child health block grant money may be used for purposes other than the purposes listed in this subdivision only under the following conditions:

(1) the community health board or community health services area can demonstrate that existing programs fully address the needs of the highest risk target populations described in this subdivision; or

(2) the money is used to continue projects that received funding before creation of the maternal and child health block grant in 1981.

(c) Projects that received funding before creation of the maternal and child health block grant in 1981, must be allocated at least the amount of maternal and child health special project grant funds received in 1989, unless (1) the local board of health provides equivalent alternative funding for the project from another source; or (2) the local board of health demonstrates that the need for the specific services provided by the project has

significantly decreased as a result of changes in the demographic characteristics of the population, or other factors that have a major impact on the demand for services. If the amount of federal funding to the state for the maternal and child health block grant is decreased, these projects must receive a proportional decrease as required in subdivision 1. Increases in allocation amounts to local boards of health under subdivision 4 may be used to increase funding levels for these projects.

Sec. 5. Minnesota Statutes 1988, section 147.09, is amended to read:  
147.09 [EXEMPTIONS.]

Section 147.081 does not apply to, control, prevent or restrict the practice, service, or activities of:

(1) A person who is a commissioned medical officer of, a member of, or employed by, the armed forces of the United States, the United States Public Health Service, the Veterans Administration, any federal institution or any federal agency while engaged in the performance of official duties within this state, if the person is licensed elsewhere.

(2) A licensed physician from a state or country who is in actual consultation here.

(3) A licensed or registered physician who treats the physician's home state patients or other participating patients while the physicians and those patients are participating together in outdoor recreation in this state as defined by section 86A.03, subdivision 3. A physician shall first register with the board on a form developed by the board for that purpose. The board shall not be required to promulgate the contents of that form by rule. No fee shall be charged for this registration.

(4) A student practicing under the direct supervision of a preceptor while the student is enrolled in and regularly attending a recognized medical school.

(5) A student who is in continuing training and performing the duties of an intern or resident or engaged in postgraduate work considered by the board to be the equivalent of an internship or residency in any hospital or institution approved for training by the board.

(6) A person employed in a scientific, sanitary or teaching capacity by the state university, the state department of education, or by any public or private school, college, or other bona fide educational institution, or the state department of health, whose duties are entirely of a public health or educational character, while engaged in such duties.

(7) Physician's assistants registered in this state.

(8) A doctor of osteopathy duly licensed by the state board of osteopathy under Minnesota Statutes 1961, sections 148.11 to 148.16, prior to May 1, 1963, who has not been granted a license to practice medicine in accordance with this chapter provided that the doctor confines activities within the scope of the license.

(9) Any person licensed by a health related licensing board, as defined in section 214.01, subdivision 2, or registered by the commissioner of health pursuant to section 214.13, including licensed psychologists with respect to the use of hypnosis; provided that the person confines activities within the scope of the license.



(10) A Christian Scientist or other person who endeavors to prevent or cure disease or suffering exclusively by mental or spiritual means or by prayer, or who practices ritual circumcision pursuant to the requirements or tenets of any established religion.

(11) A Christian Scientist or other person who endeavors to prevent or cure disease or suffering exclusively by mental or spiritual means or by prayer.

Sec. 6. [245.826] [USE OF RESTRICTIVE TECHNIQUES AND PROCEDURES IN FACILITIES SERVING EMOTIONALLY DISTURBED CHILDREN.]

*When amending rules governing facilities serving emotionally disturbed children that are licensed under section 245A.09 and Minnesota Rules, parts 9545.0900 to 9545.1090, and 9545.1400 to 9545.1500, the commissioner of human services shall include provisions governing the use of restrictive techniques and procedures. No provision of these rules may encourage or require the use of restrictive techniques and procedures. The rules must prohibit: (1) the application of certain restrictive techniques or procedures in facilities, except as authorized in the child's case plan and monitored by the county caseworker responsible for the child; (2) the use of restrictive techniques or procedures that restrict the clients' normal access to nutritious diet, drinking water, adequate ventilation, necessary medical care, ordinary hygiene facilities, normal sleeping conditions, and necessary clothing; and (3) the use of corporal punishment. The rule may specify other restrictive techniques and procedures and the specific conditions under which permitted techniques and procedures are to be carried out.*

Sec. 7. Minnesota Statutes 1989 Supplement, section 245A.04, subdivision 3, is amended to read:

Subd. 3. [STUDY OF THE APPLICANT.] (a) Before the commissioner issues a license, the commissioner shall conduct a study of the individuals specified in clauses (1) to (4) according to rules of the commissioner. The applicant, license holder, the bureau of criminal apprehension, and county agencies, after written notice to the individual who is the subject of the study, shall help with the study by giving the commissioner criminal conviction data and reports about abuse or neglect of adults substantiated under section 626.557 and the maltreatment of minors substantiated under section 626.556. The individuals to be studied shall include:

- (1) the applicant;
- (2) persons over the age of 13 living in the household where the licensed program will be provided;
- (3) current employees or contractors of the applicant who will have direct contact with persons served by the program; and
- (4) volunteers who have direct contact with persons served by the program to provide program services, if the contact is not directly supervised by the individuals listed in clause (1) or (3).

*The juvenile courts shall also help with the study by giving the commissioner existing juvenile court records on individuals described in clause (2) relating to delinquency proceedings held within either the five years immediately preceding the application or the five years immediately preceding the individual's 18th birthday, whichever time period is longer. The*

*commissioner shall destroy juvenile records obtained pursuant to this subdivision when the subject of the records reaches age 23.*

For purposes of this subdivision, "direct contact" means providing face-to-face care, training, supervision, counseling, consultation, or medication assistance to persons served by a program. For purposes of this subdivision, "directly supervised" means an individual listed in clause (1) or (3) is within sight or hearing of a volunteer to the extent that the individual listed in clause (1) or (3) is capable at all times of intervening to protect the health and safety of the persons served by the program who have direct contact with the volunteer.

A study of an individual in clauses (1) to (4) shall be conducted on at least an annual basis. No applicant, license holder, or individual who is the subject of the study shall pay any fees required to conduct the study.

(b) The individual who is the subject of the study must provide the applicant or license holder with sufficient information to ensure an accurate study including the individual's first, middle, and last name; home address, city, county, and state of residence; zip code; sex; date of birth; and driver's license number. The applicant or license holder shall provide this information about an individual in paragraph (a), clauses (1) to (4), on forms prescribed by the commissioner. The commissioner may request additional information of the individual, which shall be optional for the individual to provide, such as the individual's social security number or race.

(c) A study must include information from the county agency's record of substantiated abuse of adults, neglect of adults, and the maltreatment of minors, and information from the bureau of criminal apprehension.

The commissioner may also review arrest and investigative information from the bureau of criminal apprehension, a county attorney, county sheriff, county agency, local chief of police, other states, the courts, or a national criminal record repository if the commissioner has reasonable cause to believe the information is pertinent to the disqualification of an individual listed in paragraph (a), clauses (1) to (4).

(d) An applicant's or license holder's failure or refusal to cooperate with the commissioner is reasonable cause to deny an application or immediately suspend, suspend, or revoke a license. Failure or refusal of an individual to cooperate with the study is just cause for denying or terminating employment of the individual if the individual's failure or refusal to cooperate could cause the applicant's application to be denied or the license holder's license to be immediately suspended, suspended, or revoked.

(e) The commissioner shall not consider an application to be complete until all of the information required to be provided under this subdivision has been received.

(f) No person in paragraph (a), clause (1), (2), (3), or (4) who is disqualified as a result of this act may be retained by the agency in a position involving direct contact with persons served by the program.

(g) The commissioner shall not implement the procedures contained in this subdivision until appropriate rules have been adopted, except for the applicants and license holders for child foster care, adult foster care, and family day care homes.

(h) Termination of persons in paragraph (a), clause (1), (2), (3), or (4) made in good faith reliance on a notice of disqualification provided by the

commissioner shall not subject the applicant or license holder to civil liability.

(i) The commissioner may establish records to fulfill the requirements of this section. The information contained in the records is only available to the commissioner for the purpose authorized in this section.

Sec. 8. Minnesota Statutes 1988, section 259.40, subdivision 1, is amended to read:

Subdivision 1. [SUBSIDY PAYMENTS.] The commissioner of human services may make subsidy payments as necessary *after the subsidized adoption agreement is approved* to an adoptive parent or parents who adopt a child who *meets the eligibility requirements under title IV-E of the Social Security Act, United States Code, title 42, section 670, or who otherwise meets the requirements in subdivision 4*, is a Minnesota resident and is under guardianship of the commissioner or of a licensed child placing agency after the final decree of adoption is issued. The subsidy payments and any subsequent modifications to the subsidy payments shall be based on the needs of the adopted person that the commissioner has determined cannot be met using other resources including programs available to the adopted person and the adoptive parent or parents.

Sec. 9. Minnesota Statutes 1988, section 259.40, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY CONDITIONS.] The placing agency shall *determine the child's eligibility for adoption assistance under title IV-E of the Social Security Act. If the child does not qualify, the placing agency shall* certify a child as eligible for a *state-funded* subsidy only if the following criteria are met:

(a) A placement agency has made reasonable efforts to place the child for adoption without subsidy, but has been unsuccessful; or

(b) The child's licensed foster parents desire to adopt the child and it is determined by the placing agency that:

(1) The adoption is in the best interest of the child; and,

(2) Due to the child's characteristics or circumstances it would be difficult to provide the child an adoptive home without subsidy; and

(c) The child has been a ward of the commissioner, or licensed child placing agency.

Sec. 10. Minnesota Statutes 1988, section 260.011, subdivision 2, is amended to read:

Subd. 2. (a) *The paramount consideration in all proceedings concerning a child alleged or found to be in need of protection or services is the best interests of the child. In proceedings involving an American Indian child, as defined in section 257.351, subdivision 6, the best interests of the child must be determined consistent with sections 257.35 to 257.3579 and the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923. The purpose of the laws relating to juvenile courts is to secure for each child alleged or adjudicated in need of protection or services and under the jurisdiction of the court, the care and guidance, preferably in the child's own home, as will best serve the spiritual, emotional, mental, and physical welfare of the child and the best interests of the state; to provide judicial procedures which protect the welfare of the child; to preserve and*

strengthen the child's family ties whenever possible *and in the child's best interests*, removing the child from the custody of parents only when the child's welfare or safety cannot be adequately safeguarded without removal; and, when removal from the child's own family is necessary *and in the child's best interests*, to secure for the child custody, care and discipline as nearly as possible equivalent to that which should have been given by the parents.

(b) The purpose of the laws relating to termination of parental rights is to ensure that:

(1) reasonable efforts have been made by the social service agency to reunite the child with the child's parents in a placement that is safe and permanent; and

(2) if placement with the parents is not reasonably foreseeable, to secure for the child a safe and permanent placement, preferably with adoptive parents.

The paramount consideration in all proceedings for the termination of parental rights is the best interests of the child. In proceedings involving an American Indian child, as defined in section 257.351, subdivision 6, the best interests of the child must be determined consistent with the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901, et seq.

(c) The purpose of the laws relating to children alleged or adjudicated to be delinquent is to promote the public safety and reduce juvenile delinquency by maintaining the integrity of the substantive law prohibiting certain behavior and by developing individual responsibility for lawful behavior. This purpose should be pursued through means that are fair and just, that recognize the unique characteristics and needs of children, and that give children access to opportunities for personal and social growth.

(d) The laws relating to juvenile courts shall be liberally construed to carry out these purposes.

Sec. 11. Minnesota Statutes 1989 Supplement, section 260.015, subdivision 2a, is amended to read:

Subd. 2a. [CHILD IN NEED OF PROTECTION OR SERVICES.] "Child in need of protection or services" means a child who is in need of protection or services because the child:

(1) is abandoned or without parent, guardian, or custodian;

(2)(i) has been a victim of physical or sexual abuse, or (ii) resides with or has resided with a victim of domestic child abuse as defined in subdivision 24, (iii) resides with or would reside with a perpetrator of domestic child abuse, or (iv) is a victim of emotional maltreatment as defined in subdivision 5a;

(3) is without necessary food, clothing, shelter, education, or other required care for the child's physical or mental health or morals because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(4) is without the special care made necessary by a physical, mental, or emotional condition because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(5) is medically neglected, which includes, but is not limited to, the

withholding of medically indicated treatment from a disabled infant with a life-threatening condition. The term "withholding of medically indicated treatment" means the failure to respond to the infant's life-threatening conditions by providing treatment, including appropriate nutrition, hydration, and medication which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all conditions, except that the term does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when, in the treating physician's or physicians' reasonable medical judgment:

(i) the infant is chronically and irreversibly comatose;

(ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-threatening conditions, or otherwise be futile in terms of the survival of the infant; or

(iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane;

(6) is one whose parent, guardian, or other custodian for good cause desires to be relieved of the child's care and custody;

(7) has been placed for adoption or care in violation of law;

(8) is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of the child's parent, guardian, or other custodian;

(9) is one whose behavior, condition, or environment is such as to be injurious or dangerous to the child or others;

(10) has committed a delinquent act before becoming ten years old;

(11) is a runaway; or

(12) is an habitual truant; or

(13) is one whose custodial parent's parental rights to another child have been involuntarily terminated within the past five years.

Sec. 12. Minnesota Statutes 1988, section 260.155, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Except for hearings arising under section 260.261, hearings on any matter shall be without a jury and may be conducted in an informal manner. The rules of evidence promulgated pursuant to section 480.0591 and the law of evidence shall apply in adjudicatory proceedings involving a child alleged to be delinquent, in need of protection or services under section 260.015, subdivision 2a, clause (11) or (12), or a juvenile petty offender, and hearings conducted pursuant to section 260.125 except to the extent that the rules themselves provide that they do not apply. *Except for proceedings involving a child alleged to be in need of protection or services and petitions for the termination of parental rights, hearings may be continued or adjourned from time to time and, in the interim, in proceedings involving a child alleged to be in need of protection or services and petitions for the termination of parental rights, hearings may not be continued or adjourned for more than one week unless the court makes specific findings that the continuance or adjournment is in the best interests*

*of the child. When a continuance or adjournment is ordered in any proceeding, the court may make any interim orders as it deems in the best interests of the minor in accordance with the provisions of sections 260.011 to 260.301. The court shall exclude the general public from these hearings and shall admit only those persons who, in the discretion of the court, have a direct interest in the case or in the work of the court; except that, the court shall open the hearings to the public in delinquency proceedings where the child is alleged to have committed an offense or has been proven to have committed an offense that would be a felony if committed by an adult and the child was at least 16 years of age at the time of the offense. In all delinquency cases a person named in the charging clause of the petition as a person directly damaged in person or property shall be entitled, upon request, to be notified by the court administrator in writing, at the named person's last known address, of (1) the date of the reference or adjudicatory hearings, and (2) the disposition of the case. Adoption hearings shall be conducted in accordance with the provisions of laws relating to adoptions.*

Sec. 13. Minnesota Statutes 1989 Supplement, section 260.161, subdivision 2, is amended to read:

Subd. 2. Except as provided in this subdivision and in subdivision 1, and except for legal records arising from proceedings that are public under section 260.155, subdivision 1, none of the records of the juvenile court and none of the records relating to an appeal from a nonpublic juvenile court proceeding, except the written appellate opinion, shall be open to public inspection or their contents disclosed except (a) by order of a court or (b) as required by sections 245A.04, 611A.03, 611A.04, and 611A.06. The records of juvenile probation officers and county home schools are records of the court for the purposes of this subdivision. Court services data relating to delinquent acts that are contained in records of the juvenile court may be released as allowed under section 13.84, subdivision 5a. This subdivision applies to all proceedings under this chapter, including appeals from orders of the juvenile court, except that this subdivision does not apply to proceedings under section 260.255, 260.261, or 260.315 when the proceeding involves an adult defendant. The court shall maintain the confidentiality of adoption files and records in accordance with the provisions of laws relating to adoptions. In juvenile court proceedings any report or social history furnished to the court shall be open to inspection by the attorneys of record and the guardian ad litem a reasonable time before it is used in connection with any proceeding before the court.

When a judge of a juvenile court, or duly authorized agent of the court, determines under a proceeding under this chapter that a child has violated a state or local law, ordinance, or regulation pertaining to the operation of a motor vehicle on streets and highways, except parking violations, the judge or agent shall immediately report the violation to the commissioner of public safety. The report must be made on a form provided by the department of public safety and must contain the information required under section 169.95.

Sec. 14. Minnesota Statutes 1989 Supplement, section 260.171, subdivision 4, is amended to read:

Subd. 4. If the person who has taken the child into custody determines that the child should be placed in a secure detention facility or a shelter care facility, that person shall advise the child and as soon as is possible,

the child's parent, guardian, or custodian:

(a) of the reasons why the child has been taken into custody and why the child is being placed in a juvenile secure detention facility or a shelter care facility; and

(b) of the location of the juvenile secure detention facility or shelter care facility. If there is reason to believe that disclosure of the location of the shelter care facility would place the child's health and welfare in immediate endangerment, disclosure of the location of the shelter care facility shall not be made; and

(c) that the child's parent, guardian, or custodian and attorney or guardian ad litem may make an initial visit to the juvenile secure detention facility or shelter care facility at any time. Subsequent visits by a parent, guardian, or custodian may be made on a reasonable basis during visiting hours and by the child's attorney or guardian ad litem at reasonable hours; and

(d) that the child may telephone parents and an attorney or guardian ad litem from the juvenile secure detention facility or shelter care facility immediately after being admitted to the facility and thereafter on a reasonable basis to be determined by the director of the facility; and

(e) that the child may not be detained for acts as defined in section 260.015, subdivision 5, at a juvenile secure detention facility or shelter care facility longer than 36 hours, excluding Saturdays, Sundays, and holidays, unless a petition has been filed within that time and the court orders the child's continued detention, pursuant to section 260.172; and

(f) that the child may not be detained for acts defined in section 260.015, subdivision 5, at an adult jail or municipal lockup longer than 24 hours, excluding Saturdays, Sundays, and holidays, or longer than six hours if the adult jail or municipal lockup is in a standard metropolitan statistical area, unless a petition has been filed and the court orders the child's continued detention under section 260.172; and

(g) that the child may not be detained pursuant to section 260.165, subdivision 1, clause (a) or (c)(2), at a shelter care facility longer than 72 hours, excluding Saturdays, Sundays, and holidays, unless a petition has been filed within that time and the court orders the child's continued detention, pursuant to section 260.172; and

(h) of the date, time, and place of the detention hearing, *if this information is available to the person who has taken the child into custody*; and

(i) that the child and the child's parent, guardian, or custodian have the right to be present and to be represented by counsel at the detention hearing, and that if they cannot afford counsel, counsel will be appointed at public expense for the child, if it is a delinquency matter, or for any party, if it is a child in need of protection or services, neglected and in foster care, or termination of parental rights matter.

After August 1, 1991, the child's parent, guardian, or custodian shall also be informed under clause (f) that the child may not be detained in an adult jail or municipal lockup longer than 24 hours, excluding Saturdays, Sundays, and holidays, or longer than six hours if the adult jail or municipal lockup is in a standard metropolitan statistical area, unless a motion to refer the child for adult prosecution has been made within that time period.

Sec. 15. Minnesota Statutes 1989 Supplement, section 260.221, subdivision 1, is amended to read:

Subdivision 1. [VOLUNTARY AND INVOLUNTARY.] The juvenile court may upon petition, terminate all rights of a parent to a child in the following cases:

(a) With the written consent of a parent who for good cause desires to terminate parental rights; or

(b) If it finds that one or more of the following conditions exist:

(1) That the parent has abandoned the child. Abandonment is presumed when:

(i) the parent has had no contact or merely incidental contact with the child for six months in the case of a child under six years of age, or for 12 months in the case of a child ages six to 11; and

(ii) the social service agency has made reasonable efforts to facilitate contact, unless the parent establishes that an extreme financial or physical hardship or treatment for mental disability or chemical dependency or other good cause prevented the parent from making contact with the child. This presumption does not apply to children whose custody has been determined under chapter 257 or 518. The court is not prohibited from finding abandonment in the absence of this presumption; or

(2) That the parent has substantially, continuously, or repeatedly refused or neglected to comply with the duties imposed upon that parent by the parent and child relationship, including but not limited to providing the child with necessary food, clothing, shelter, education, and other care and control necessary for the child's physical, mental, or emotional health and development, if the parent is physically and financially able, and reasonable efforts by the social service agency have failed to correct the conditions that formed the basis of the petition; or

(3) That a parent has been ordered to contribute to the support of the child or financially aid in the child's birth and has continuously failed to do so without good cause. This clause shall not be construed to state a grounds for termination of parental rights of a noncustodial parent if that parent has not been ordered to or cannot financially contribute to the support of the child or aid in the child's birth; or

(4) That a parent is palpably unfit to be a party to the parent and child relationship because of a consistent pattern of specific conduct before the child or of specific conditions directly relating to the parent and child relationship either of which are determined by the court to be of a duration or nature that renders the parent unable, for the reasonably foreseeable future, to care appropriately for the ongoing physical, mental, or emotional needs of the child. *It is presumed that a parent is palpably unfit to be a party to the parent and child relationship upon a showing that:*

(i) *the child was adjudicated in need of protection or services due to circumstances described in section 260.015, subdivision 2a, clause (1), (2), (3), (5), or (8); and*

(ii) *within the three-year period immediately prior to that adjudication, the parent's parental rights to one or more other children were involuntarily terminated under clause (1), (2), (4), or (7) of this paragraph, or under clause (5) of this paragraph if the child was initially determined to be in*



*need of protection or services due to circumstances described in section 260.015, subdivision 2a, clause (1), (2), (3), (5), or (8); or*

(5) That following upon a determination of neglect or dependency, or of a child's need for protection or services, reasonable efforts, under the direction of the court, have failed to correct the conditions leading to the determination. It is presumed that reasonable efforts under this clause have failed upon a showing that:

(i) a child under the age of 12 has resided out of the parental home under court order for more than one year following an adjudication of dependency, neglect, need for protection or services under section 260.015, subdivision 2a, clause (1), (2), (6), (8), or (9), or neglected and in foster care, and an order for disposition under section 260.191, including adoption of the case plan required by section 257.071;

(ii) conditions leading to the determination will not be corrected within the reasonably foreseeable future; and

(iii) reasonable efforts have been made by the social service agency to rehabilitate the parent and reunite the family.

This clause does not prohibit the termination of parental rights prior to one year after a child has been placed out of the home.

*It is also presumed that reasonable efforts have failed under this clause upon a showing that:*

(i) *the parent has been diagnosed as chemically dependent by a professional certified to make the diagnosis;*

(ii) *the parent has been required by a case plan to participate in a chemical dependency treatment program;*

(iii) *the treatment programs offered to the parent were culturally, linguistically, and clinically appropriate;*

(iv) *the parent has either failed two or more times to successfully complete a treatment program or has refused at two or more separate meetings with a caseworker to participate in a treatment program; and*

(v) *the parent continues to abuse chemicals.*

*Provided, that this presumption applies only to parents required by a case plan to participate in a chemical dependency treatment program on or after the effective date of this section; or*

(6) *That the parent has been convicted of causing the death of another of the parent's children; or*

(7) *That in the case of a child born to a mother who was not married to the child's father when the child was conceived nor when the child was born the person is not entitled to notice of an adoption hearing under section 259.26 and either the person has not filed a notice of intent to retain parental rights under section 259.261 or that the notice has been successfully challenged; or*

↔ (8) *That the child is neglected and in foster care.*

*In an action involving an American Indian child, sections 257.35 to 257.3579 and the Indian Child Welfare Act, United States Code, title 25, sections*

*1901 to 1923, control to the extent that the provisions of this section are inconsistent with those laws.*

Sec. 16. Minnesota Statutes 1989 Supplement, section 364.09, is amended to read:

**364.09 [EXCEPTIONS.]**

(a) This chapter shall not apply to the practice of law enforcement, to fire protection agencies, to eligibility for a private detective or protective agent license, to eligibility for a family day care license, a family foster care license, a home care provider license, ~~or~~ to eligibility for school bus driver endorsements, *or to eligibility for juvenile corrections employment where the offense involved child physical or sexual abuse or criminal sexual conduct.*

(b) This chapter does not apply to a school district.

(c) Nothing in this section shall be construed to preclude the Minnesota police and peace officers training board or the state fire marshal from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement or fire protection agencies.

Sec. 17. Minnesota Statutes 1989 Supplement, section 609.223, is amended to read:

**609.223 [ASSAULT IN THE THIRD DEGREE.]**

*Subdivision 1. [SUBSTANTIAL BODILY HARM.] Whoever assaults another and inflicts substantial bodily harm may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.*

*Subd. 2. [PAST PATTERN OF CHILD ABUSE.] Whoever assaults a minor may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the perpetrator has engaged in a past pattern of child abuse against the minor. As used in this subdivision, "child abuse" has the meaning given it in section 609.185, clause (5).*

Sec. 18. Minnesota Statutes 1989 Supplement, section 609.377, is amended to read:

**609.377 [MALICIOUS PUNISHMENT OF A CHILD.]**

A parent, legal guardian, or caretaker who, by an intentional act or a series of intentional acts with respect to a child, evidences unreasonable force or cruel discipline that is excessive under the circumstances is guilty of malicious punishment of a child 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. If the punishment results in substantial bodily harm, that person may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both. *If the punishment results in great bodily harm, that person 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.*

Sec. 19. Minnesota Statutes 1988, section 609.379, subdivision 2, is amended to read:

Subd. 2. [APPLICABILITY.] This section applies to sections 260.315,

609.255, 609.376, ~~609.377~~, 609.378, and 626.556.

Sec. 20. Minnesota Statutes 1988, section 626.556, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC POLICY.] The legislature hereby declares that the public policy of this state is to protect children whose health or welfare may be jeopardized through physical abuse, neglect or sexual abuse. *In furtherance of this public policy, it is the intent of the legislature under this section to strengthen the family and make the home, school, and community safe for children by promoting responsible child care in all settings; and to provide, when necessary, a safe temporary or permanent home environment for physically or sexually abused or neglected children.*

In addition, it is the policy of this state to require the reporting of neglect, physical or sexual abuse of children in the home, school, and community settings; to provide for the voluntary reporting of abuse or neglect of children; to require the assessment and investigation of the reports; and to provide protective and counseling services in appropriate cases.

Sec. 21. Minnesota Statutes 1989 Supplement, section 626.556, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342, 609.343, 609.344, or 609.345. Sexual abuse also includes any act which involves a minor which constitutes a violation of sections 609.321 to 609.324 or 617.246. *Sexual abuse includes threatened sexual abuse.*

(b) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(c) "Neglect" means failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter or medical care when reasonably able to do so or failure to protect a child from conditions or actions which imminently and seriously endanger the child's physical or mental health when reasonably able to do so. Nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that there is a duty to report if a lack of medical care may cause imminent and serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, or medical care, a duty to provide that care. "Neglect" includes prenatal exposure to a controlled substance, as defined in section ~~626.556~~ 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at

birth, results of a toxicology test performed on the mother at delivery or the child at birth, or medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance. Neglect also means "medical neglect" as defined in section 260.015, subdivision 2a, clause (5).

(d) "Physical abuse" means any physical or mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive and deprivation procedures that have not been authorized under section 245.825.

(e) "Report" means any report received by the local welfare agency, police department, or county sheriff pursuant to this section.

(f) "Facility" means a day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed pursuant to sections 144.50 to 144.58, 241.021, or 245.781 to 245.812.

(g) "Operator" means an operator or agency as defined in section 245A.02.

(h) "Commissioner" means the commissioner of human services.

(i) "Assessment" includes authority to interview the child, the person or persons responsible for the child's care, the alleged perpetrator, and any other person with knowledge of the abuse or neglect for the purpose of gathering the facts, assessing the risk to the child, and formulating a plan.

(j) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem services.

(k) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(l) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury.

Sec. 22. Minnesota Statutes 1988, section 626.556, subdivision 3, is amended to read:

Subd. 3. [PERSONS MANDATED TO REPORT.] (a) A person who knows or has reason to believe a child is being neglected or physically or sexually abused, as defined in subdivision 2, 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.

Sec. 23. Minnesota Statutes 1988, section 626.556, subdivision 4, is amended to read:

Subd. 4. [IMMUNITY FROM LIABILITY.] (a) The following persons are immune from any civil or criminal liability that otherwise might result from their actions, if they are acting in good faith:

(1) any person making a voluntary or mandated report under subdivision 3 or under section 626.5561 or assisting in an assessment under this section or under section 626.5561;

(2) any social worker or supervisor employed by a local welfare agency complying with subdivision 10d or the provisions of section 626.5561; and

(3) any public or private school, facility as defined in subdivision 2, or the employee of any public or private school or facility who permits access by a local welfare agency or local law enforcement agency and assists in an investigation or assessment pursuant to subdivision 10 or under section 626.5561.

(b) A person who is a supervisor or social worker employed by a local welfare agency complying with subdivisions 10 and 11 or any related rule or provision of law is immune from any civil or criminal liability that might otherwise result from the person's actions, if the person is acting in good

faith and exercising due care.

(c) This subdivision does not provide immunity to any person for failure to make a required report or for committing neglect, physical abuse, or sexual abuse of a child.

*(d) If a person who makes a voluntary or mandatory report under subdivision 3 prevails in a civil action from which the person has been granted immunity under this subdivision, the court may award the person attorney fees and costs.*

Sec. 24. Minnesota Statutes 1989 Supplement, section 626.556, subdivision 10e, is amended to read:

Subd. 10e. [DETERMINATIONS.] Upon the conclusion of every assessment or investigation it conducts, the local welfare agency shall make two determinations: first, whether maltreatment has occurred; and second, whether child protective services are needed.

(a) For the purposes of this subdivision, "maltreatment" means any of the following acts or omissions committed by a person responsible for the child's care:

~~(1) an assault, as defined in section 609.02, subdivision 10, or any physical contact not exempted by section 609.379, where the assault or physical contact is either severe or recurring and causes either injury or significant risk of injury to the child physical abuse as defined in subdivision 2, paragraph (d);~~

(2) neglect as defined in subdivision 2, paragraph (c); or

(3) sexual abuse as defined in subdivision 2, paragraph (a); or

(4) mental injury as defined in section 21.

(b) For the purposes of this subdivision, a determination that child protective services are needed means that the local welfare agency has documented conditions during the assessment or investigation sufficient to cause a child protection worker, as defined in section 626.559, subdivision 1, to conclude that a child is at significant risk of maltreatment if protective intervention is not provided and that the individuals responsible for the child's care have not taken or are not likely to take actions to protect the child from maltreatment or risk of maltreatment.

(c) This subdivision does not mean that maltreatment has occurred solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child, in lieu of medical care. However, if lack of medical care may result in imminent and serious danger to the child's health, the local welfare agency may ensure that necessary medical services are provided to the child.

Sec. 25. Minnesota Statutes 1988, section 626.556, is amended by adding a subdivision to read:

*Subd. 10g. [INTERSTATE DATA EXCHANGE.] All reports and records created, collected, or maintained under this section by a local social service agency or law enforcement agency may be disclosed to a local social service or other child welfare agency of another state when the agency certifies that:*

*(1) the reports and records are necessary in order to conduct an investigation of actions that would qualify as sexual abuse, physical abuse, or neglect under this section; and*

*(2) the reports and records will be used only for purposes of a child protection assessment or investigation and will not be further disclosed to any other person or agency.*

*The local social service agency or law enforcement agency in this state shall keep a record of all records or reports disclosed pursuant to this subdivision and of any agency to which the records or reports are disclosed. If in any case records or reports are disclosed before a determination is made under subdivision 10e, or a disposition of any criminal proceedings is reached, the local social service agency or law enforcement agency in this state shall forward the determination or disposition to any agency that has received any report or record under this subdivision.*

Sec. 26. Minnesota Statutes 1989 Supplement, section 626.556, subdivision 11, is amended to read:

Subd. 11. [RECORDS.] Except as provided in subdivisions 10b, 10d, 10g, and 11b, all records concerning individuals maintained by a local welfare agency under this section, including any written reports filed under subdivision 7, shall be private data on individuals, except insofar as copies of reports are required by subdivision 7 to be sent to the local police department or the county sheriff. Reports maintained by any police department or the county sheriff shall be private data on individuals except the reports shall be made available to the investigating, petitioning, or prosecuting authority. Section 13.82, subdivisions 5, 5a, and 5b, apply to law enforcement data other than the reports. The welfare board shall make available to the investigating, petitioning, or prosecuting authority any records which contain information relating to a specific incident of neglect or abuse which is under investigation, petition, or prosecution and information relating to any prior incidents of neglect or abuse involving any of the same persons. The records shall be collected and maintained in accordance with the provisions of chapter 13. In conducting investigations and assessments pursuant to this section, the notice required by section 13.04, subdivision 2, need not be provided to a minor under the age of ten who is the alleged victim of abuse or neglect. An individual subject of a record shall have access to the record in accordance with those sections, except that the name of the reporter shall be confidential while the report is under assessment or investigation except as otherwise permitted by this subdivision. Any person conducting an investigation or assessment under this section who intentionally discloses the identity of a reporter prior to the completion of the investigation or assessment is guilty of a misdemeanor. After the assessment or investigation is completed, the name of the reporter shall be confidential. The subject of the report may compel disclosure of the name of the reporter only with the consent of the reporter or upon a written finding by the court that the report was false and that there is evidence that the report was made in bad faith. This subdivision does not alter disclosure responsibilities or obligations under the rules of criminal procedure.

Sec. 27. Minnesota Statutes 1989 Supplement, section 626.5561, subdivision 1, is amended to read:

Subdivision 1. [REPORTS REQUIRED.] A person mandated to report under section 626.556, subdivision 3, shall immediately report to the local welfare agency if the person knows or has reason to believe that a woman

is pregnant and has used a controlled substance for a nonmedical purpose during the pregnancy. Any person may make a voluntary report if the person knows or has reason to believe that a woman is pregnant and has used a controlled substance for a nonmedical purpose during the pregnancy. *An oral report shall be made immediately by telephone or otherwise. An oral report made by a person required to report shall be followed within 72 hours, exclusive of weekends and holidays, by a report in writing to the local welfare agency. Any report shall be of sufficient content to identify the pregnant woman, the nature and extent of the use, if known, and the name and address of the reporter.*

Sec. 28. Minnesota Statutes 1989 Supplement, section 626.5561, subdivision 3, is amended to read:

Subd. 3. [RELATED PROVISIONS.] Reports under this section are governed by section 626.556, subdivisions 4, 4a, 5, 6, ~~7~~, 8, and 11.

Sec. 29. Minnesota Statutes 1989 Supplement, section 626.5561, subdivision 4, is amended to read:

Subd. 4. [CONTROLLED SUBSTANCES.] For purposes of this section and section 626.5562, "controlled substance" means a controlled substance ~~classified in schedule I, II, or III under chapter 152 listed in section 253B.02, subdivision 2.~~

Sec. 30. Minnesota Statutes 1989 Supplement, section 626.5561, is amended by adding a subdivision to read:

Subd. 5. [IMMUNITY.] (a) *A person making a voluntary or mandated report under subdivision 1 or assisting in an assessment under subdivision 2 is immune from any civil or criminal liability that otherwise might result from the person's actions, if the person is acting in good faith.*

(b) *This subdivision does not provide immunity to any person for failure to make a required report or for committing neglect, physical abuse, or sexual abuse of a child.*

Sec. 31. Minnesota Statutes 1989 Supplement, section 626.5562, subdivision 1, is amended to read:

Subdivision 1. [TEST; REPORT.] A physician shall administer a toxicology test to a pregnant woman under the physician's care *or to a woman under the physician's care within eight hours after delivery* to determine whether there is evidence that she has ingested a controlled substance, if the woman has obstetrical complications that are a medical indication of possible use of a controlled substance for a nonmedical purpose. If the test results are positive, the physician shall report the results under section 626.5561. A negative test result does not eliminate the obligation to report under section 626.5561, if other evidence gives the physician reason to believe the patient has used a controlled substance for a nonmedical purpose.

Sec. 32. Minnesota Statutes 1989 Supplement, section 626.5562, subdivision 2, is amended to read:

Subd. 2. [NEWBORNS.] A physician shall administer to each newborn infant born under the physician's care a toxicology test to determine whether there is evidence of prenatal exposure to a controlled substance, if the physician has reason to believe based on a medical assessment of the mother or the infant that the mother used a controlled substance for a nonmedical purpose ~~prior to the birth~~ *during the pregnancy*. If the test results are



positive, the physician shall report the results as neglect under section 626.556. A negative test result does not eliminate the obligation to report under section 626.556 if other medical evidence of prenatal exposure to a controlled substance is present.

Sec. 33. Minnesota Statutes 1989 Supplement, section 626.5562, subdivision 4, is amended to read:

Subd. 4. [IMMUNITY FROM LIABILITY.] Any physician or other medical personnel administering a toxicology test to determine the presence of a controlled substance in a pregnant woman, *in a woman within eight hours after delivery*, or in a child at birth or during the first month of life is immune from civil or criminal liability arising from administration of the test, if the physician ordering the test believes in good faith that the test is required under this section and the test is administered in accordance with an established protocol and reasonable medical practice.

Sec. 34. Minnesota Statutes 1989 Supplement, section 626.558, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF THE TEAM.] A county ~~may~~ *shall* establish a multidisciplinary child protection team that may include, but not be limited to, the director of the local welfare agency or designees, the county attorney or designees, the county sheriff or designees, representatives of health and education, representatives of mental health or other appropriate human service agencies, and parent groups.

Sec. 35. Minnesota Statutes 1988, section 626.559, subdivision 2, is amended to read:

Subd. 2. [JOINT TRAINING.] The commissioners of human services and public safety shall cooperate in the development of a joint program for training child abuse services professionals in the appropriate techniques for child abuse assessment and investigation. The program shall include but need not be limited to the following areas:

- (1) the public policy goals of the state as set forth in section 260.011 and the role of the assessment or investigation in meeting these goals;
- (2) the special duties of child protection workers and law enforcement officers under section 626.556;
- (3) the appropriate methods for directing and managing affiliated professionals who may be utilized in providing protective services and strengthening family ties;
- (4) the appropriate methods for interviewing alleged victims of child abuse and other minors in the course of performing an assessment or an investigation;
- (5) the dynamics of child abuse and neglect within family systems and the appropriate methods for interviewing parents in the course of the assessment or investigation, *including training in recognizing cases in which one of the parents is a victim of domestic abuse and in need of special legal or medical services*;
- (6) the legal, evidentiary considerations that may be relevant to the conduct of an assessment or an investigation;
- (7) the circumstances under which it is appropriate to remove the alleged abuser or the alleged victim from the home;

(8) the protective social services that are available to protect alleged victims from further abuse, to prevent child abuse and domestic abuse, and to preserve the family unit, and training in the preparation of case plans to coordinate services for the alleged child abuse victim with services for any parents who are victims of domestic abuse; and

(9) the methods by which child protection workers and law enforcement workers cooperate in conducting assessments and investigations in order to avoid duplication of efforts.

Sec. 36. [ATTORNEY GENERAL DATA PRACTICES STUDY.]

*The attorney general and the department of human services, in consultation with the multidisciplinary task force established under section 39, shall:*

*(1) prepare a plain language interpretation of existing data practices laws that affect the child protection system;*

*(2) identify ambiguities and inconsistencies in the laws and compare the classification and treatment of data in law enforcement and child protection agencies;*

*(3) prepare standard forms for giving information to individuals under Minnesota Statutes, section 13.04, subdivision 2, and for reports under Minnesota Statutes, section 626.556;*

*(4) determine the need for giving mandated reporters, law enforcement, and child protection workers who must diagnose and investigate child abuse increased access to medical records and information on prior abuse; and*

*(5) consider the desirability of defining false or unfounded reports under Minnesota Statutes, section 626.556.*

*The attorney general and the department of human services shall report and make recommendations to the legislature by December 15, 1991.*

Sec. 37. [CHILD ABUSE; PLAN FOR STATEWIDE COMPUTER DATA SYSTEM.]

*Subdivision 1. [APPLICATION.] This section applies only if the commissioner of public safety is required by another law enacted in the 1990 legislative session to prepare a plan for a statewide computer data system containing information on domestic assault crimes and domestic abuse orders for protection.*

*Subd. 2. [PLAN.] The commissioner of public safety, in consultation with the department of human services, shall determine the feasibility and costs of establishing a statewide computerized data system containing the following information on determinations made under Minnesota Statutes, section 626.556, and on the criminal and juvenile court matters specified in clauses (1) to (6):*

*(1) identifying information on any individual that a local social service agency has determined under Minnesota Statutes, section 626.556, subdivision 10e, to have been responsible for the maltreatment of a child or to have necessitated the provision of child protective services for a child, and the name and birth date of any child found to have been maltreated or to be in need of child protective services as a result of the individual's actions;*

*(2) identifying information on individuals arrested for, charged with, or*

*convicted of malicious punishment of a child or neglect of a child;*

*(3) pretrial release conditions applicable to individuals charged with an offense listed in clause (2);*

*(4) probation and supervised release conditions applicable to individuals convicted of an offense listed in clause (2);*

*(5) identifying information on individuals whose parental rights to a child have been involuntarily terminated under Minnesota Statutes, section 260.226; and*

*(6) identifying information on individuals who have a child who was found to be in need of protective services as defined in Minnesota Statutes, section 260.015, subdivision 2a.*

*The commissioner shall also determine the feasibility and costs of requiring all local social service agencies, law enforcement agencies, prosecutors, courts, and court services personnel to report relevant information to the statewide data system; of making the information available to these agencies on request; and of providing a process by which the accuracy of the data may be reviewed at the request of the subject of the data.*

*The commissioner shall coordinate the study and plan under this section with the study and plan on domestic assault and domestic abuse data.*

*The commissioner shall report the results of the study and provide an implementation plan to the chairs of the judiciary committees in the house of representatives and the senate on or before February 1, 1991.*

**Sec. 38. [SUPREME COURT REVIEW OF CERTAIN JUVENILE COURT ISSUES.]**

*The supreme court is requested to study and review the following two issues:*

*(1) whether the use of Minnesota Statutes, section 542.16, and Rule 63.03, of the rules of civil procedure, to remove judges in juvenile court cases involving allegations of child abuse or neglect is frequent and appropriate;*

*(2) whether there is adequate special training for judges who hear juvenile court cases involving allegations of child abuse or neglect.*

*The supreme court is requested to report to the judiciary committees of the senate and the house of representatives with any findings or recommendations for change resulting from these reviews.*

**Sec. 39. [ALTERNATIVE DISPOSITIONS STUDY.]**

*The department of human services shall report and make recommendations regarding the use of permanency planning and alternative dispositions for children who are placed in out-of-home care, cannot be returned to their families, and for whom termination of parental rights is not in the child's best interest. The department shall consult with a multidisciplinary task force, including representatives of the Minnesota Indian affairs council, the council on Black Minnesotans, the council on affairs of Spanish-speaking people, the council on Asian-Pacific Minnesotans, public and private agencies, guardians ad litem, the judiciary, attorneys representing all parties in juvenile court proceedings, and community advocates. The department shall report and make recommendations to the legislature by January 7, 1991.*

Sec. 40. [APPROPRIATIONS.]

*Notwithstanding Minnesota Statutes, sections 299A.22 to 299A.25, or any other law to the contrary, up to \$45,000 of the money appropriated by Minnesota Statutes, section 299A.27, from the children's trust fund established under Minnesota Statutes, section 299A.22, to be administered by the children's trust fund for the fiscal year ending June 30, 1991, for grants must be used to provide a grant for administration of the professional consultation telephone line and service authorized by Minnesota Statutes, section 626.562. Notwithstanding Minnesota Statutes, section 626.562, subdivision 2, the commissioner of public safety shall provide a grant only to agencies that agree to match 50 percent of the grant amount through cash or in-kind donations.*

Sec. 41. [EFFECTIVE DATE.]

*Sections 17, 18, and 19 are effective August 1, 1990, and apply to crimes committed on or after that date."*

Delete the title and insert:

"A bill for an act relating to children; creating a legislative commission on child protection; providing improved procedures to protect the safety and welfare of abused and neglected children; improving data practices; including mental injuries and threatened injuries as abuse to be reported as maltreatment of minors; increasing penalties for assault against a child when there is a past pattern of child abuse; increasing the penalty for malicious child punishment resulting in great bodily harm; excluding persons convicted of child abuse or criminal sexual conduct seeking employment in juvenile corrections from certain protections for criminal offenders; providing for maternal and child health services in chemical abuse situations; defining controlled substances for purposes of reporting prenatal exposure to controlled substances; appropriating money; amending Minnesota Statutes 1988, sections 145.88; 145.882, subdivision 7; 147.09; 259.40, subdivisions 1 and 4; 260.011, subdivision 2; 260.155, subdivision 1; 609.379, subdivision 2; 626.556, subdivisions 1, 3, 4, and by adding a subdivision; and 626.559, subdivision 2; Minnesota Statutes 1989 Supplement, sections 245A.04, subdivision 3; 260.015, subdivision 2a; 260.161, subdivision 2; 260.171, subdivision 4; 260.221, subdivision 1; 364.09; 609.223; 609.377; 626.556, subdivisions 2, 10e, and 11; 626.5561, subdivisions 1, 3, 4, and by adding a subdivision; 626.5562, subdivisions 1, 2, and 4; and 626.558, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3; 144; and 245."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Kathleen Vellenga, Jean Wagenius, Randy C. Kelly, Kathleen Blatz, Jerry Janezich

Senate Conferees: (Signed) Ember D. Reichgott, Allan H. Spear, Carol Flynn, Pat Pariseau

Ms. Reichgott moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2390 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. 2390 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	McQuaid	Piper
Anderson	Decker	Knaak	Merriam	Pogemiller
Beckman	DeCramer	Knutson	Metzen	Ramstad
Belanger	Dicklich	Kroening	Moe, D.M.	Reichgott
Benson	Flynn	Laidig	Moe, R.D.	Renneke
Bernhagen	Frank	Langseth	Morse	Samuelson
Bertram	Frederick	Lantry	Novak	Schmitz
Brandl	Frederickson, D.J.	Larson	Olson	Spear
Brataas	Frederickson, D.R.	Lessard	Pariseau	Storm
Chmielewski	Gustafson	Luther	Pehler	Stumpf
Cohen	Hughes	Marty	Peterson, R.W.	Vickerman
Dahl	Johnson, D.E.	McGowan	Piepho	Waldorf

Ms. Berglin 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. 1827 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1827

A bill for an act relating to civil actions; providing for immunity from liability for unpaid members of county agricultural society boards; addressing reduction of damages in an action under no-fault automobile insurance; preserving common law tort law claims against adults who knowingly provide alcoholic beverages to minors; increasing the amount of claims that may be settled without court approval under the municipal compromise of claims statute; changing the standard for awarding punitive damages; addressing when a principal may be held liable for punitive damages for an act of the principal's agent; requiring a separate trial to address punitive damages; requiring the court to review a punitive damages award; making the contributory negligence rule apply to damages resulting from economic loss; redefining fault; abolishing the doctrine of last clear chance; providing immunity from liability for volunteer ski patrollers; allowing recovery of attorney fees by good faith reporters under the child abuse reporting act; repealing the limit on intangible loss damages and the requirement that a jury specify amounts for past, future, and intangible loss damages; amending Minnesota Statutes 1988, sections 38.013; 65B.51, subdivision 1; 340A.801, by adding a subdivision; 466.08; 541.051, subdivision 1; 548.36, subdivision 3; 549.20, subdivisions 1, 2, and by adding subdivisions; 604.01, subdivisions 1, 1a, and 3; 604.05, subdivision 2; 626.556, subdivision 4; repealing Minnesota Statutes 1988, sections 549.23 and 549.24.

April 20, 1990

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. 1827, 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. 1827 be further amended as follows:

Page 1, after line 32, insert:

“Section 1. Minnesota Statutes 1988, section 31.50, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, “distressed food” means, in addition to the definition in section 31.495, certain perishable foods, as defined in section 28A.03, which may not be readily marketable due to appearance, freshness, grade, surplus or other considerations and are not suspect of having been rendered unsafe or unsuitable for food use and are adequately labeled.

(b) For the purposes of this section, “food bank” means a surplus food collection and distribution system operated and established to assist in bringing donated food to nonprofit charitable organizations and individuals for the purpose of reducing hunger and meeting nutritional needs.

(c) For the purposes of this section, “food facility” means:

(1) a restaurant, food establishment, vehicle, vending machine, produce stand, temporary food facility, satellite food distribution facility, stationary mobile food preparation unit, and mobile food preparation unit;

(2) a place used in conjunction with the operations described in clause (1), including, but not limited to, storage facilities for food-related utensils, equipment, and materials; or

(3) a farmers’ market.

(d) “Nonprofit charitable organization” means an organization that was organized under the Minnesota nonprofit corporation act and is operating for charitable purposes.

Sec. 2. Minnesota Statutes 1988, section 31.50, subdivision 2, is amended to read:

Subd. 2. [DONATION; DISTRESSED FOOD.] A food manufacturer, distributor, processor or a person who donates or collects distressed food to or for a nonprofit charitable organization as defined in section 309.50, subdivision 4, for distribution at no charge to the elderly or needy, or who directly distributes distressed food to the elderly or needy at no charge, shall not be liable for any injury, including but not limited to injury resulting from the ingesting of the distressed food, unless the injury is caused by the gross negligence, recklessness or intentional misconduct of the food manufacturer, processor, distributor or person.

Sec. 3. Minnesota Statutes 1988, section 31.50, subdivision 3, is amended to read:

Subd. 3. [DISTRIBUTION.] A food bank or nonprofit charitable organization as defined in section 309.50, subdivision 4, which in good faith collects or receives distressed food and distributes it at no charge to the elderly or needy, at no charge, food which is fit for human consumption at the time it is distributed, shall not be liable for any injury, including but not limited to injury resulting from the ingesting of the distressed food,

unless the injury is caused by the gross negligence, recklessness or intentional misconduct of the *food bank or nonprofit* charitable organization.

Sec. 4. Minnesota Statutes 1988, section 31.50, is amended by adding a subdivision to read:

*Subd. 5. [OTHER FOOD DONATION.] A food facility that donates, to a food bank or other nonprofit charitable organization, food which is:*

*(1) fit for human consumption at the time of donation; and*

*(2) distributed by the food bank or nonprofit charitable organization to the elderly or needy at no charge;*

*shall not be liable for any injury, including, but not limited to, liability resulting from ingestion of the food, unless the injury is caused by the gross negligence, recklessness, or intentional misconduct of the food facility."*

Page 3, after line 5, insert:

"Sec. 7. Minnesota Statutes 1988, section 127.03, is amended by adding a subdivision to read:

*Subd. 3. [IMMUNITY FROM CIVIL LIABILITY.] It is a defense to a civil action for damages against a teacher to prove that the force used by the teacher was reasonable, was in the exercise of lawful authority, and was necessary under the circumstances to restrain the pupil.*

Sec. 8. Minnesota Statutes 1988, section 169.48, is amended to read:

169.48 [VEHICLE LIGHTING.]

Every vehicle upon a highway within this state, at any time from sunset to sunrise and at any other time when visibility is impaired by weather, smoke, fog or other conditions or there is not sufficient light to render clearly discernible persons and vehicles on the highway at a distance of 500 feet ahead, shall display lighted lamps and illuminating devices, as hereinafter, respectively, required for different classes of vehicles, subject to exceptions with respect to parked vehicles *and law enforcement vehicles*, as hereinafter stated. In addition to the other requirements of this paragraph, every school bus transporting children upon a highway within this state, at any time from a half hour before sunrise to a half hour after sunset, shall display lighted lamps and illuminating devices as required by this paragraph, except that the operator shall use the lower most distribution of light specified in section 169.60 unless conditions warrant otherwise.

When requirement is hereinafter declared as to the distance from which certain lamps and devices shall render objects visible or within which such lamps or devices shall be visible, these provisions shall apply during the time stated in this section upon a straight level unlighted highway under normal atmospheric conditions unless a different time or condition is expressly stated and unless otherwise specified the location of lamps and devices shall refer to the center of such lamps or devices. Parking lamps shall not be used in lieu of head lamps to satisfy the requirements of this section.

Sec. 9. [169.541] [LIGHTING EXEMPTIONS; LAW ENFORCEMENT VEHICLES; STANDARDS.]

*Subdivision 1. [EXEMPTION.] Sections 84.87, 84.928, 169.48 to 169.65, and 361.15, relating to lighting of vehicles and watercraft, do not apply to a licensed peace officer, as defined in section 626.84, subdivision 1,*

*paragraph (c), while operating a motor vehicle or watercraft owned, leased, or otherwise the property of the state or a political subdivision, in the performance of the officer's law enforcement duties if the officer's conduct is reasonable and is consistent with the standards adopted under subdivision 2, and if the officer reasonably believes that operating the vehicle without lights is necessary under the circumstances to investigate a criminal violation or suspected criminal violation of state laws, rules, or orders or local laws, ordinances, or regulations.*

*Subd. 2. [POST BOARD STANDARDS.] The peace officers standards and training board shall adopt standards governing situations in which licensed peace officers as defined in section 626.84, subdivision 1, paragraph (c), may operate a vehicle or watercraft without lights as provided in subdivision 1. The board shall report to the legislature on the standards by January 1, 1991."*

Page 3, after line 11, insert:

"Sec. 11. Minnesota Statutes 1988, section 361.15, is amended to read:  
361.15 [LIGHTS.]

Subdivision 1. *Except as provided in section 9, each watercraft using the waters of this state, when underway or in use at any time between sunset and sunrise, shall carry and display the lights specified by the commissioner for such watercraft."*

Pages 8 and 9, delete section 15

Page 9, line 11, delete "2, 5 to 13, and 16" and insert "1 to 4, 6, 13 to 21, and 23"

Page 9, line 13, delete "3" and insert "10"

Page 9, delete lines 15 and 16

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 20, delete everything after the semicolon

Page 1, delete line 21 and insert "limiting the liability of food donors; providing a defense for the use of reasonable force by teachers; providing vehicle and watercraft lighting exemptions for law enforcement;"

Page 1, line 25, after "sections" insert "31.50, subdivisions 1, 2, 3, and by adding a subdivision;"

Page 1, line 26, after the first semicolon, insert "127.03, by adding a subdivision; 169.48;" and after the second semicolon, insert "361.15;"

Page 1, line 30, delete "626.556, subdivision 4" and insert "proposing coding for new law in Minnesota Statutes, chapter 169"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ember D. Reichgott, Richard J. Cohen, Gary W. Laidig

House Conferees: (Signed) Howard Orenstein, Phil Carruthers



Ms. Reichgott moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1827 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. 1827 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	Cohen	Hughes	McGowan	Ramstad
Anderson	Dahl	Johnson, D.E.	McQuaid	Reichgott
Beckman	Davis	Knaak	Merriam	Renneke
Belanger	Decker	Knutson	Metzen	Samuelson
Benson	DeCramer	Kroening	Moe, D.M.	Schmitz
Berg	Dicklich	Laidig	Morse	Spear
Berglin	Flynn	Langseth	Olson	Storm
Bernhagen	Frank	Lantry	Pariseau	Stumpf
Bertram	Frederick	Larson	Pehler	Vickerman
Brandl	Frederickson, D.J.	Lessard	Piepho	Waldorf
Brataas	Frederickson, D.R.	Luther	Piper	
Chmielewski	Gustafson	Marty	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. 1896 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1896

A bill for an act relating to health; providing exemptions from the infectious waste control act; requiring hospitals to accept certain infectious waste; modifying standards for ambulance drivers; requiring adoption of rules setting new standards for recertification of and upgrading to emergency care course certificates; increasing reimbursement for volunteers; authorizing an emergency medical services advisory committee; regulating the provision of special transportation services; requiring studies; encouraging rural medical school applicants; requiring a study of medical assistance reimbursement for physicians; creating a rural hospital planning and transition grant program; creating a rural hospital subsidy fund; allowing counties authority to exceed levy limits; appropriating money; amending Minnesota Statutes 1989 Supplement, sections 116.76, subdivision 9; 116.78, by adding subdivisions; 144.804, subdivisions 1 and 7; 144.809; 144.8091; Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 136A; 144; and 174.

April 20, 1990

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. 1896, 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. 1896 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1989 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; *and*

(5) *ambulances owned by ambulance services licensed under section 144.802, the general appearance of which is unmistakable.*

(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 and arson investigations, and passenger automobiles, pickup trucks, and buses owned or operated by the department of corrections shall be registered and shall display appropriate license number plates which shall be furnished by the registrar at cost. Original and renewal applications for these 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) Unmarked vehicles used by the department of revenue in conducting seizures or criminal investigations must be registered and must display passenger vehicle classification license number plates which shall be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of revenue. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the purposes authorized by this section.

(e) 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 displayed on both sides thereof in letters not less than 2-1/2 inches high and one-half inch wide; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required identification on the sides of the vehicle. Such identification shall be in a color giving contrast with that of the part of the vehicle on which it is placed and shall endure throughout the term of the registration. The identification must not be on a removable plate or placard 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. 2. Minnesota Statutes 1989 Supplement, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. [PASSENGER AUTOMOBILES; ~~AMBULANCES;~~ HEARSEs.]

(a) On passenger automobiles as defined in section 168.011, subdivision 7, ~~ambulances,~~ and hearses, except as otherwise provided, the tax shall be \$10 plus an additional tax equal to 1.25 percent of the base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge as reflected on the price listing affixed to the vehicle in conformity with United States Code, title 15, sections 1231 to 1233 (Public Law Number 85-506) or otherwise suggested by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

(c) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(d) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
\$ 0	\$199.99
200	399.99

and thereafter a series of classes successively set in brackets having a spread of \$200 consisting of such number of classes as will permit classification of all vehicles.

(e) The base value for purposes of this section shall be the middle point between the extremes of its class.

(f) The registrar shall establish the base value, when new, of every passenger automobile, ~~ambulance~~ and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The tax on all

previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of Extra Session Laws 1971, chapter 31.

(g) Except as provided in paragraph (h), the annual additional tax computed upon the base value as provided herein, during the first and second years of vehicle life shall be computed upon 100 percent of the base value; for the third and fourth years, 90 percent of such value; for the fifth and sixth years, 75 percent of such value; for the seventh year, 60 percent of such value; for the eighth year, 40 percent of such value; for the ninth year, 30 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

In no event shall the annual additional tax be less than \$25.

(h) The annual additional tax under paragraph (g) on a motor vehicle on which the first annual tax was paid before January 1, 1990, must not exceed the tax that was paid on that vehicle the year before.

**Sec. 3. [174.315] [APPROPRIATE USES OF SPECIAL TRANSPORTATION.]**

*Special transportation services shall not provide or offer transportation to persons who might reasonably require basic or advanced life support, as defined in section 144.804, while in the special transportation vehicle. The commissioner of health shall investigate all complaints alleging violations of this section and shall report the results of the investigation to the commissioner of transportation. The minimum penalty for a violation shall be revocation of the certificate issued under section 174.30, subdivision 4a.*

**Sec. 4. Minnesota Statutes 1988, section 176.011, subdivision 9, is amended to read:**

**Subd. 9. [EMPLOYEE.]** "Employee" means any person who performs services for another for hire including the following:

- (1) an alien;
- (2) a minor;
- (3) a sheriff, deputy sheriff, constable, marshal, police officer, firefighter, county highway engineer, and peace officer while engaged in the enforcement of peace or in the pursuit or capture of a person charged with or suspected of crime;
- (4) a person requested or commanded to aid an officer in arresting or retaking a person who has escaped from lawful custody, or in executing legal process, in which cases, for purposes of calculating compensation under this chapter, the daily wage of the person shall be the prevailing wage for similar services performed by paid employees;
- (5) a county assessor;
- (6) an elected or appointed official of the state, or of a county, city, town, school district, or governmental subdivision in the state. An officer of a political subdivision elected or appointed for a regular term of office, or to complete the unexpired portion of a regular term, shall be included only after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;
- (7) an executive officer of a corporation, except those executive officers

excluded by section 176.041;

(8) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioners of human services and corrections similar to those of officers and employees of the institutions, and whose services have been accepted or contracted for by the commissioner of human services or corrections as authorized by law. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(9) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision of it. The daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed by paid employees;

(10) a voluntary uncompensated worker participating in a program established by a county welfare board. In the event of injury or death of the worker, the wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid in the county at the time of the injury or death for similar services performed by paid employees working a normal day and week;

(11) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 84.089. The daily wage of the worker for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

(12) a member of the military forces, as defined in section 190.05, while in state active service, as defined in section 190.05, subdivision 5a. The daily wage of the member for the purpose of calculating compensation under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

(13) a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a volunteer, pursuant to chapter 138. The daily wage of the worker, for the purposes of calculating compensation under this chapter, shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

(14) a voluntary uncompensated worker, other than a student, who renders services at the Minnesota state academy for the deaf or the Minnesota state academy for the blind, and whose services have been accepted or contracted for by the state board of education, as authorized by law. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees;

(15) a voluntary uncompensated worker, other than a resident of the veterans home, who renders services at a Minnesota veterans home, and whose services have been accepted or contracted for by the commissioner of veterans affairs, as authorized by law. In the event of injury or death of

the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees;

(16) a worker who renders in-home attendant care services to a physically handicapped person, and who is paid directly by the commissioner of human services for these services, shall be an employee of the state within the meaning of this subdivision, but for no other purpose;

(17) students enrolled in and regularly attending the medical school of the University of Minnesota in the graduate school program or the post-graduate program. The students shall not be considered employees for any other purpose. In the event of the student's injury or death, the weekly wage of the student for the purpose of calculating compensation under this chapter, shall be the annualized educational stipend awarded to the student, divided by 52 weeks. The institution in which the student is enrolled shall be considered the "employer" for the limited purpose of determining responsibility for paying benefits under this chapter;

(18) a faculty member of the University of Minnesota employed for an academic year is also an employee for the period between that academic year and the succeeding academic year if:

(a) the member has a contract or reasonable assurance of a contract from the University of Minnesota for the succeeding academic year; and

(b) the personal injury for which compensation is sought arises out of and in the course of activities related to the faculty member's employment by the University of Minnesota;

(19) a worker who performs volunteer ambulance driver or attendant services is an employee of the political subdivision, nonprofit hospital, nonprofit corporation, or other entity for which the worker performs the services. The daily wage of the worker for the purpose of calculating compensation under this chapter shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

(20) a voluntary uncompensated worker, accepted by the commissioner of administration, rendering services as a volunteer at the department of administration. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees; and

(21) a voluntary uncompensated worker rendering service directly to the pollution control agency. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees; and

(22) a voluntary uncompensated worker while volunteering services as a first responder or as a member of a law enforcement assistance organization while acting under the supervision and authority of a political subdivision. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees.

If it is difficult to determine the daily wage as provided in this subdivision,

the trier of fact may determine the wage upon which the compensation is payable.

Sec. 5. Minnesota Statutes 1988, section 297A.25, is amended by adding a subdivision to read:

*Subd. 44. [AMBULANCES.] The lease of a motor vehicle for use as an ambulance by an ambulance service licensed under section 144.802 is exempt.*

Sec. 6. Minnesota Statutes 1989 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 1986, as amended through December 31, 1988.

(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.

*(7) Purchase of a motor vehicle for use as an ambulance by an ambulance service licensed under section 144.802.*

Sec. 7. Minnesota Statutes 1988, section 353.01, subdivision 6, is amended to read:

Subd. 6. [GOVERNMENTAL SUBDIVISION.] "Governmental subdivision" means a county, city, town, school district within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources, but does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized pursuant to sections 469.048 to 469.068; or any hospital district

organized or reorganized prior to July 1, 1975, pursuant to sections 447.31 to 447.37. A hospital district organized or reorganized on or after July 1, 1975, whose employees are not enrolled and participating in the association, may elect to be excluded from the definition of governmental subdivision for purposes of this chapter. To be excluded, the hospital district must notify the association in writing of its intent to be excluded.

Sec. 8. [EFFECTIVE DATE.]

Section 7 is effective the day following final enactment. A hospital district that was organized or reorganized within one year prior to the effective date of section 7 and that files a written notice of its intent to be excluded within 60 days after the effective date of the section, but before its employees have become enrolled and participating in the public employee retirement association, is excluded from the definition of governmental entity retroactively to the date the hospital district was organized or reorganized."

Delete the title and insert:

"A bill for an act relating to health; exempting ambulances from certain fees and excise taxes; regulating the provision of special transportation services; clarifying the definition of employee for workers' compensation; allowing certain newly organized hospital districts to elect not to participate in the public employees retirement plan; amending Minnesota Statutes 1988, sections 176.011, subdivision 9; 297A.25, by adding a subdivision; and 353.01, subdivision 6; Minnesota Statutes 1989 Supplement, sections 168.012, subdivision 1; 168.013, subdivision 1a; and 297B.03; proposing coding for new law in Minnesota Statutes, chapter 174."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Jim Vickerman, Don Samuelson, Gary M. DeCramer, Mark Piepho, Keith Langseth

House Conferees: (Signed) Roger Cooper, Wally Sparby, Chuck Brown, Henry J. Kalis, Ben Boo

Mr. Vickerman moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1896 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. 1896 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	Reichgott
Anderson	Davis	Knaak	Moe, D.M.	Renneke
Beckman	Decker	Knutson	Moe, R.D.	Samuelson
Belanger	DeCramer	Kroening	Morse	Schmitz
Benson	Dicklich	Laidig	Novak	Solon
Berg	Flynn	Langseth	Olson	Spear
Berglin	Frank	Lantry	Pariseau	Storm
Bernhagen	Frederick	Larson	Pehler	Stumpf
Bertram	Frederickson, D.J.	Luther	Peterson, R. W.	Vickerman
Brandl	Frederickson, D.R.	Marty	Piepho	Waldorf
Brataas	Gustafson	McGowan	Piper	
Chmielewski	Hughes	McQuaid	Pogemiller	
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. 2108 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2108

A bill for an act relating to liquor; regulating the sale of liqueur-filled candy; authorizing municipalities to issue on-sale wine licenses to bed and breakfast facilities; authorizing removal of partially consumed wine bottles from licensed premises; authorizing additional licenses in the cities of Minneapolis, Brooklyn Center, and Duluth; authorizing the issuance of wine and nonintoxicating malt liquor licenses by the city of St. Paul to its parks and recreation division; authorizing the county board of Anoka county to delegate liquor licensing authority to town boards within the county; authorizing the county board of Itasca county to issue an off-sale or combination license within three miles of an incorporated area; providing for the reporting of wine licenses to the commissioner of public safety; eliminating the requirement for a vote on municipal liquor store continuance upon population change; amending Minnesota Statutes 1988, sections 31.121; 340A.101, subdivision 10; 340A.404, subdivisions 3, 5, and by adding a subdivision; 340A.504, subdivision 1; 340A.601, subdivision 2; Minnesota Statutes 1989 Supplement, sections 340A.404, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 340A.

April 19, 1990

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. 2108, 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. 2108 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 31.121, is amended to read:

31.121 [FOOD ADULTERATION.]

A food shall be deemed to be adulterated:

(a) If it bears or contains any poisonous or deleterious substance which may render it injurious to health; but in case the substance is not an added substance such food shall not be considered adulterated under this clause if the quantity of such substance in such food does not ordinarily render it injurious to health; or

(b) If it bears or contains any added poisonous or added deleterious substance, other than one which is a pesticide chemical in or on a raw agricultural commodity; a food additive; or a color additive, which is unsafe

within the meaning of section 31.122; or

(c) If it is a raw agricultural commodity and it bears or contains a pesticide chemical which is unsafe within the meaning of section 31.122; or

(d) If it is or it bears or contains any food additive which is unsafe within the meaning of section 31.122; provided that where a pesticide chemical has been used in or on a raw agricultural commodity in conformity with an exemption granted or tolerance prescribed under section 31.122, and such raw agricultural commodity has been subjected to processing such as canning, cooking, freezing, dehydrating, or milling, the residue of such pesticide chemical remaining in or on such processed food shall, notwithstanding the provisions of section 31.122 and this clause, not be deemed unsafe if such residue in or on the raw agricultural commodity has been removed to the extent possible in good manufacturing practice, and the concentration of such residue in the processed food when ready to eat is not greater than the tolerance prescribed for the raw agricultural commodity; or

(e) If it consists in whole or in part of a diseased, contaminated, filthy, putrid, or decomposed substance, or if it is otherwise unfit for food; or

(f) If it has been produced, prepared, packed, or held under insanitary conditions whereby it may have become contaminated with filth, or whereby it may have been rendered diseased, unwholesome, or injurious to health; or

(g) If it is in whole or in part the product of a diseased animal or of an animal which has died otherwise than by slaughter, or of an animal that has been fed upon the uncooked offal from a slaughterhouse; or

(h) If its container is composed in whole or in part of any poisonous or deleterious substance which may render the contents injurious to health; or

(i) If it has been intentionally subjected to radiation, unless the use of the radiation was in conformity with a rule or exemption in effect pursuant to section 31.122 or section 409 of the federal act; or

(j) If any valuable constituent has been in whole or in part omitted or abstracted therefrom; or

(k) If any substance has been substituted wholly or in part therefor; or

(l) If damage or inferiority has been concealed in any manner; or

(m) If any substance has been added thereto or mixed or packed therewith so as to increase its bulk or weight, or reduce its quality or strength or make it appear better or of greater value than it is; or

(n) If it is confectionery, and (1) has partially or completely imbedded therein any nonnutritive object; provided, that this clause shall not apply in the case of any nonnutritive object if in the judgment of the commissioner, as provided by rules, such object is of practical functional value to the confectionery product and would not render the product injurious or hazardous to health; ~~or (2) bears or contains any alcohol, other than alcohol not in excess of one half of one percent by volume derived solely from the use of flavoring extracts; or (3) bears or contains any nonnutritive substance; provided, that this clause shall not apply to a safe nonnutritive substance which is in or on confectionery by reason of its use for some practical functional purpose in the manufacture, packaging, or storing of~~

such confectionery if the use of the substance does not promote deception of the consumer or otherwise result in adulteration or misbranding in violation of any provision of the Minnesota food law; and provided further, that the commissioner may, for the purpose of avoiding or resolving uncertainty as to the application of this clause, issue rules allowing or prohibiting the use of particular nonnutritive substances; or

(o) If it is or bears or contains any color additive which is unsafe within the meaning of section 31.122; or

(p) If it is oleomargarine or margarine or butter and any of the raw material used therein consisted in whole or in part of any filthy, putrid, or decomposed substance, or such oleomargarine or margarine or butter is otherwise unfit for food.

Sec. 2. Minnesota Statutes 1988, section 340A.101, subdivision 10, is amended to read:

Subd. 10. [EXCLUSIVE LIQUOR STORE.] "Exclusive liquor store" is an establishment used exclusively for the sale of intoxicating liquor except for the incidental sale of ice, tobacco, nonintoxicating malt liquor, beverages for mixing with intoxicating liquor, soft drinks, *liqueur-filled candies*, cork extraction devices, and books and videos on the use of alcoholic beverages in the preparation of food, and the establishment may offer recorded or live entertainment. "Exclusive liquor store" also includes an on-sale or combination on-sale and off-sale intoxicating liquor establishment which sells food for on-premise consumption when authorized by the municipality issuing the license.

Sec. 3. Minnesota Statutes 1988, section 340A.101, subdivision 25, is amended to read:

Subd. 25. [RESTAURANT.] "Restaurant" is an establishment, other than a hotel, under the control of a single proprietor or manager, where meals are regularly served at tables to the general public, and having seating capacity for guests in the following minimum numbers:

- |  |     |
|--|-----|
| (a) First class cities   | 50  |
| (b) Second and third class cities<br>and statutory cities of over<br>10,000 population   | 30  |
| (c) Unincorporated or unorganized<br>territory other than in Cook,<br>Itasca, Lake, <i>Lake of the Woods</i> ,<br>and St. Louis counties | 100 |
| (d) Unincorporated or unorganized<br>territory in Cook, Itasca, Lake,<br><i>Lake of the Woods</i> , and St. Louis<br>counties            | 50  |

In the case of classes (b) and (c) above, the governing body of a city or county may prescribe a higher minimum number. In fourth class cities and statutory cities under 10,000 population, minimum seating requirements are those prescribed by the governing body of the city.

Sec. 4. Minnesota Statutes 1988, section 340A.301, subdivision 1, is amended to read:

Subdivision 1. [LICENSES REQUIRED.] No person may directly or indirectly manufacture or sell at wholesale intoxicating liquor, or nonintoxicating malt liquor without obtaining an appropriate license from the commissioner, except where otherwise provided in this chapter. A manufacturer's license includes the right to import. ~~A licensed brewer of malt liquor may sell products at wholesale without an additional license. A licensed brewer may sell the brewer's products at wholesale only if the brewer has been issued a wholesaler's license. The commissioner shall issue a wholesaler's license to a brewer only if (1) the commissioner determines that the brewer was selling the brewer's own products at wholesale in Minnesota on January 1, 1991, or (2) the brewer has acquired a wholesaler's business or assets under subdivision 7a, paragraph (c) or (d). A licensed wholesaler of intoxicating malt liquor may sell nonintoxicating malt liquor at wholesale without an additional license. The business of manufacturer and wholesaler may be combined and carried on under a single manufacturer's license.~~

Sec. 5. Minnesota Statutes 1988, section 340A.301, subdivision 7, is amended to read:

Subd. 7. [INTEREST IN OTHER BUSINESS.] (a) Except as provided in this subdivision, a holder of a license as a manufacturer, brewer, or wholesaler may not have any ownership, in whole or in part, in a business holding a retail intoxicating liquor or nonintoxicating malt liquor license, but a manufacturer or wholesaler of intoxicating liquor may use or have property rented for retail intoxicating liquor sales if the manufacturer or wholesaler has owned the property continuously since November 1, 1933.

(b) A licensed brewer of malt liquor described in subdivision 6, clause (d) may be issued an on-sale intoxicating liquor or nonintoxicating malt liquor license by a municipality for a restaurant operated in or immediately adjacent to the place of manufacture.

(c) Except as provided in subdivision 7a, no brewer as defined in subdivision 7a may have any interest, in whole or in part, directly or indirectly, in the license, business, assets, or corporate stock of a licensed malt liquor wholesaler.

Sec. 6. Minnesota Statutes 1988, section 340A.301, is amended by adding a subdivision to read:

Subd. 7a. [PERMITTED INTERESTS IN WHOLESALE BUSINESS.] (a) A brewer may financially assist a wholesaler of malt liquor through participation in a limited partnership in which the brewer is the limited partner and the wholesaler is the general partner. A limited partnership authorized in this paragraph may not exist for more than ten years from the date of its creation, and may not, directly or indirectly, be recreated, renewed, or extended beyond that date.

(b) A brewer may financially assist a malt liquor wholesaler and collateralize the financing by taking a security interest in the inventory and assets, other than the corporate stock, of the wholesaler. A financial agreement authorized by this paragraph may not be in effect for more than ten years from the date of its creation and may not be directly or indirectly extended or renewed.

(c) A brewer who, after creation of a financial agreement authorized by paragraph (b), or after creation of a limited partnership authorized in paragraph (a), acquires legal or equitable title to the wholesaler's business

which was the subject of the agreement or limited partnership, or to the business assets, must divest the business or its assets within two years of the date of acquiring them. A malt liquor wholesaler whose business or assets are acquired by a brewer as described in this paragraph may not enter into another such financial agreement, or participate in another such limited partnership, for 20 years from the date of the acquisition of the business or assets.

(d) A brewer may have an interest in the business, assets, or corporate stock of a malt liquor wholesaler as a result of (1) a judgment against the wholesaler arising out of a default by the wholesaler or (2) acquisition of title to the business, assets, or corporate stock as a result of a written request of the wholesaler. A brewer may maintain ownership of or an interest in the business, assets, or corporate stock under this paragraph for not more than two years, and only for the purpose of facilitating an orderly transfer of the business to an owner not affiliated with the brewer.

(e) A brewer may continue to maintain an ownership interest in a malt liquor wholesaler if it owned the interest on the effective date of this section.

(f) A brewer that was legally selling the brewer's own products at wholesale in Minnesota on the effective date of this section may continue to sell those products at wholesale in the area where it was selling those products on that date.

(g) A brewer that manufactures malt liquor in Minnesota may, if the brewer does not manufacture in Minnesota in any year more than 25,000 barrels of malt liquor or its metric equivalent, own or have an interest in a malt liquor wholesaler that sells only the brewer's products.

(h) When the commissioner issues a license to a malt liquor wholesaler described in paragraph (a) or (b), the commissioner may issue the license only to the entity which is actually operating the wholesale business and may not issue the license to a brewer that is a limited partner under paragraph (a) or providing financial assistance under paragraph (b) unless the brewer has acquired a wholesaler's business or assets under paragraph (c) or (d).

(i) For purposes of this subdivision and subdivision 7, clause (c), "brewer" means:

- (1) a holder of a license to manufacture malt liquor;
- (2) an officer, director, agent, or employee of such a license holder; and
- (3) an affiliate of such a license holder, regardless of whether the affiliation is corporate or by management, direction, or control.

Sec. 7. Minnesota Statutes 1989 Supplement, section 340A.404, subdivision 2, is amended to read:

Subd. 2. [SPECIAL PROVISION; CITY OF MINNEAPOLIS.] (a) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theatre, the Cricket Theatre, the Orpheum Theatre, and the State Theatre, notwithstanding the limitations of law, or local ordinance, or charter provision relating to zoning or school or church distances. The licenses authorize sales on all days of the week to holders of tickets for performances presented by the theatres and to members of the nonprofit corporations holding the licenses and to their guests.

(b) The city of Minneapolis may issue an intoxicating liquor license to

510 Groveland Associates, a Minnesota cooperative, for use by a restaurant on the premises owned by 510 Groveland Associates, notwithstanding limitations of law, or local ordinance, or charter provision.

*(c) Notwithstanding any other law, local ordinance, or charter provision, the city of Minneapolis may issue one or more on-sale intoxicating liquor licenses to the owner of the sports arena located at 600 First Avenue North in the city of Minneapolis or an entity holding a concessions contract with the owner for use on the premises of that sports arena. The license authorizes sales on all days of the week to holders of tickets for sporting events or other events at the sports arena and to the owner of the sports arena and the owner's guests. The licensee may not dispense intoxicating liquor to any person attending or participating in an amateur athletic event held on the premises.*

Sec. 8. Minnesota Statutes 1988, section 340A.404, subdivision 3, is amended to read:

Subd. 3. [NOTICE TO THE COMMISSIONER.] A city shall within ten days of the issuance of a license under subdivision 1 or 5, inform the commissioner of the licensee's name and address and trade name, and the effective date and expiration date of the license. The city shall also inform the commissioner of a license transfer, cancellation, suspension, or revocation during the license period.

Sec. 9. Minnesota Statutes 1988, section 340A.404, subdivision 5, is amended to read:

Subd. 5. [WINE LICENSES.] (a) A municipality may issue an on-sale wine license with the approval of the commissioner to a restaurant having facilities for seating at least 25 guests at one time. A wine license permits the sale of wine of up to 14 percent alcohol by volume for consumption with the sale of food. A wine license authorizes the sale of wine on all days of the week unless the issuing authority restricts the license's authorization to the sale of wine on all days except Sundays.

(b) The governing body of a municipality may by ordinance authorize a holder of an on-sale wine license issued pursuant to paragraph (a) who is also licensed to sell nonintoxicating malt liquors at on-sale pursuant to section 340A.411, and whose gross receipts are at least 60 percent attributable to the sale of food, to sell intoxicating malt liquors at on-sale without an additional license.

*(c) A municipality may issue an on-sale wine license with the approval of the commissioner to a licensed bed and breakfast facility. A license under this paragraph authorizes a bed and breakfast facility to furnish wine only to registered guests of the facility.*

Sec. 10. Minnesota Statutes 1988, section 340A.404, is amended by adding a subdivision to read:

Subd. 11. [REMOVAL OF WINE FROM RESTAURANT.] *A restaurant licensed to sell intoxicating liquor or wine at on-sale under this section may permit a person purchasing a full bottle of wine in conjunction with the purchase of a meal to remove the bottle on leaving the licensed premises provided that the bottle has been opened and the contents partially consumed. A removal of a bottle under the conditions described in this subdivision is not an off-sale of intoxicating liquor and may be permitted without additional license.*

Sec. 11. Minnesota Statutes 1988, section 340A.405, subdivision 2, is amended to read:

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

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

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

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

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

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

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

Sec. 12. Minnesota Statutes 1988, section 340A.405, is amended by adding a subdivision to read:

*Subd. 6. [AIRPORTS COMMISSION.] The metropolitan airports commission may with the approval of the commissioner issue licenses for the off-sale of Minnesota-produced wine at the Minneapolis-St. Paul International Airport.*

Sec. 13. Minnesota Statutes 1988, section 340A.413, subdivision 4, is amended to read:

Subd. 4. [EXCLUSIONS FROM LICENSE LIMITS.] On-sale intoxicating liquor licenses may be issued to the following entities by a city, in addition to the number authorized by this section:

- (1) clubs, or congressionally chartered veterans organizations;

- (2) restaurants located at a racetrack licensed under chapter 240;
- (3) ~~restaurants~~ *establishments* that are issued licenses to sell wine under section 340A.404, subdivision 5;
- (4) Lake Superior tour boats that are issued licenses under section 340A.404, subdivision 8; and
- (5) theaters that are issued licenses under section 340A.404, subdivision 2.

Sec. 14. Minnesota Statutes 1988, section 340A.504, subdivision 1, is amended to read:

Subdivision 1. [NONINTOXICATING MALT LIQUOR.] No sale of non-intoxicating malt liquor may be made between 1:00 a.m. and 8:00 a.m. on the days of Monday through Saturday, nor between 1:00 a.m. and 12:00 noon on Sunday, provided that an establishment located on land owned by the metropolitan sports commission, *or the sports arena for which one or more licenses have been issued under section 340A.404, subdivision 2, paragraph (c),* may sell nonintoxicating malt liquor between 10:00 a.m. and 12:00 noon on a Sunday on which a sports or other event is scheduled to begin at that location on or before 1:00 p.m. of that day.

Sec. 15. Minnesota Statutes 1988, section 340A.601, subdivision 2, is amended to read:

Subd. 2. [POPULATION CHANGE.] A city which has established a municipal liquor store may continue to operate it notwithstanding a subsequent change in population if ~~within one year after the effective date of the census by which the municipality exceeds 10,000 in population, the question, "Shall the city continue to operate its municipal liquor store?" is submitted to the voters of the city at a general or special municipal election and a majority of the voters voting on the question at the election vote in the affirmative on the question. The notice of the election shall state the question to be submitted to the electors at the election.~~

Sec. 16. [340A.908] [LIQUEUR-FILLED CANDY.]

*Liqueur-filled candy may only be sold in an exclusive liquor store.*

Sec. 17. [SALE OF MINNESOTA BEER AT PUBLIC FACILITIES.]

Subdivision 1. [MINNESOTA-PRODUCED BEER; REQUIRED AVAILABILITY.] *At any permanent or temporary building or structure owned or operated by the state, a political subdivision, or an instrumentality thereof, where beer is sold for on-premise consumption, the entity owning or operating the building or structure must insure that a Minnesota-produced beer is available for purchase at each station where beer is sold. This section applies to all such permanent or temporary buildings or structures without regard to whether sales of beer are made by the owning or operating government entity or employees thereof or by a person holding a lease or concession contract with the government entity.*

Subd. 2. [EXCEPTIONS.] *This section does not apply to:*

- (1) *municipal liquor stores; or*
- (2) *persons holding an event on property owned by a government entity where (a) the event is conducted under a temporary permit from that government entity, and (b) alcoholic beverages are provided to persons attending the event, at no cost to those persons.*



Sec. 18. [ANOKA COUNTIES; LIQUOR LICENSING.]

*The county board of Anoka county may, by resolution, delegate to the town board of towns located within the county, powers possessed by the county to issue nonintoxicating malt liquor licenses under Minnesota Statutes, section 340A.403, on-sale intoxicating liquor licenses under section 340A.404, and off-sale intoxicating liquor licenses under section 340A.405, within the unincorporated area of the county; provided that the town board of the respective town consents to the delegation of powers. License fees must be paid to the town and the town board shall assume all powers and duties of the county board in regard to licensing.*

Sec. 19. [CITY OF ST. PAUL; WINE AND BEER LICENSES.]

*Subdivision 1. [LICENSE AUTHORIZED.] The city of St. Paul may issue on-sale nonintoxicating malt liquor licenses and on-sale wine licenses to the city's division of parks and recreation. The licenses authorize the sale of wine or nonintoxicating malt liquor on property owned by the city and under the jurisdiction of the division by:*

*(1) employees of the city;*

*(2) persons holding a permit from the division to conduct an event and sell wine or nonintoxicating malt liquor to persons attending the event; or*

*(3) persons who have contracted with the city to sell wine or nonintoxicating malt liquor on such property.*

*Subd. 2. [PERMITS; CONTRACTS.] (a) Permits issued by the city under subdivision 1, clause (2), and contracts entered into by the city under subdivision 1, clause (3), must provide for:*

*(1) the duration of the permit or contract;*

*(2) the premises or area in which sales of wine or nonintoxicating malt liquor will be made;*

*(3) the persons to whom such sales will be made;*

*(4) the days and hours in which such sales will be made; and*

*(5) obtaining by the permit holder or contracted vendor of such liquor liability insurance or bond, or both, as the city considers necessary to protect the city's interest as the holder of the license.*

*(b) A permit may be issued or a contract entered into under this section with a person who does not hold a license issued under Minnesota Statutes, chapter 340A, for the retail sale of alcoholic beverages.*

*(c) The division may, without notice or hearing, refuse to issue a permit under subdivision 1, clause (2).*

*Subd. 3. [CITY COUNCIL APPROVAL.] The St. Paul city council must approve each:*

*(1) facility at which wine or nonintoxicating malt liquor will be sold by city employees;*

*(2) permit issued under subdivision 1, clause (2); and*

*(3) contract entered into under subdivision 1, clause (3).*

*Subd. 4. [APPLICABILITY OF GENERAL LAW.] All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply*

*to licenses issued under this section. Licenses authorized by this section are in addition to any other licenses authorized by law.*

**Sec. 20. [EARLE BROWN HERITAGE CENTER LICENSE.]**

*In addition to any license authorized by law, the city of Brooklyn Center may issue one on-sale intoxicating liquor license for the Earle Brown Heritage Center convention center. The license shall authorize the sale and serving of liquor to persons attending events at the center other than amateur athletic events. The license fee and hours of sale shall be set by the city council within the limits imposed by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to this license.*

**Sec. 21. [CITY OF EVANSVILLE; SUNDAY LIQUOR LICENSE.]**

*Notwithstanding Minnesota Statutes, section 340A.504, subdivision 3, paragraph (d), the city of Evansville may issue a license authorizing on-sales of intoxicating liquor on Sunday to a restaurant in the city without authorization by the voters of the city. All other provisions of Minnesota Statutes, chapter 340A, apply to a license issued under this section.*

**Sec. 22. [REPEALER.]**

*Minnesota Statutes 1988, section 340A.405, subdivision 5, is repealed.*

**Sec. 23. [EFFECTIVE DATE.]**

*Sections 1 to 3, 7, 9 to 13, 15, 16, and 18 to 21 are effective the day following final enactment. Sections 4 to 6 are effective January 1, 1991."*

Delete the title and insert:

"A bill for an act relating to liquor; authorizing sale of liqueur-filled candies in exclusive liquor stores; specifying minimum seating capacity of restaurants in certain counties; restricting right of brewers to be beer wholesalers or to have an interest in a beer wholesaler; providing for hours of sale at certain establishments; requiring notification to commissioner of public safety of issuance of wine licenses; repealing requirement that cities conduct a referendum on continuation of municipal liquor operations; modifying restrictions on license issuance by counties; authorizing licenses for sale of Minnesota-produced wine at Minneapolis-St. Paul International Airport; permitting removal of unfinished bottles of wine from restaurants; authorizing issuance of wine licenses to licensed bed and breakfast facilities; authorizing issuance of licenses by Minneapolis, St. Paul, Brooklyn Center, and Evansville; requiring certain establishments to make Minnesota-produced beer available; permitting Anoka county to delegate liquor licensing authority to towns; amending Minnesota Statutes 1988, sections 31.121; 340A.101, subdivisions 10 and 25; 340A.301, subdivisions 1, 7, and by adding a subdivision; 340A.404, subdivisions 3, 5, and by adding a subdivision; 340A.405, subdivision 2, and by adding a subdivision; 340A.413, subdivision 4; 340A.504, subdivision 1; and 340A.601, subdivision 2; Minnesota Statutes 1989 Supplement, section 340A.404, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 340A; repealing Minnesota Statutes 1988, section 340A.405, subdivision 5."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Sam G. Solon, Allan H. Spear, Don Anderson

House Conferees: (Signed) Joel Jacobs, Rich O'Connor, Doug Carlson

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2108 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. 2108 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 4, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	Metzen	Samuelson
Anderson	Davis	Knaak	Moe, D.M.	Schmitz
Beckman	Decker	Knutson	Moe, R.D.	Solon
Belanger	DeCramer	Kroening	Morse	Spear
Benson	Dicklich	Langseth	Novak	Storm
Berg	Flynn	Lantry	Pariseau	Stumpf
Berglin	Frank	Lessard	Pehler	Vickerman
Bertram	Frederick	Luther	Peterson, R. W.	Waldorf
Brandl	Frederickson, D.J.	Marty	Piepho	
Brataas	Frederickson, D.R.	McGowan	Purfeerst	
Chmielewski	Gustafson	McQuaid	Ramstad	
Cohen	Hughes	Merriam	Reichgott	

Messrs. Bernhagen, Laidig, Larson and Renneke 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. 1703 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1703**

A bill for an act relating to natural resources; authorizing the enforcement of certain natural resource laws by conservation officers; amending Minnesota Statutes 1988, section 97A.205.

April 20, 1990

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. 1703, 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. 1703 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 97A.205, is amended to read:

## 97A.205 [ENFORCEMENT OFFICER POWERS.]

An enforcement officer is authorized to:

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

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

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

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

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

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

Sec. 2. Minnesota Statutes 1988, section 97B.055, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTIONS RELATED TO HIGHWAYS.] (a) A person may not discharge a firearm or an arrow from a bow on, over, or across an improved public highway at a big game animal. A person may not discharge a firearm or bow and arrow within the right-of-way of an improved public highway at a big game animal. The commissioner may by order extend the application of this subdivision to the taking of migratory waterfowl in designated locations.

(b) *A person may not discharge a firearm or an arrow from a bow on, over, across, or within the right-of-way of an improved public highway at a decoy of a big game animal that has been set out by a licensed peace officer.*

Sec. 3. Minnesota Statutes 1988, section 97B.325, is amended to read:

## 97B.325 [DEER STAND RESTRICTIONS.]

A person may not take deer from a constructed platform or other structure *that is located within the right-of-way of an improved public highway or is higher than 16 feet above the ground.* The *height* restriction does not apply to a portable stand that is chained, belted, clamped, or tied with rope.

Sec. 4. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to natural resources; authorizing the enforcement of certain natural resource laws by conservation officers; increasing the penalty for wrongful destruction or removal of no trespassing signs; prohibiting shooting at decoys under certain circumstances; prohibiting deer stands on highway right-of-way; amending Minnesota Statutes 1988, sections 97A.205; 97B.055, subdivision 1; and 97B.325."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Charles A. Berg, Ronald R. Dicklich, John Bernhagen

House Conferees: (Signed) Steve Trimble, Wesley J. "Wes" Skoglund, Sylvester Uphus

Mr. Berg moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1703 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. 1703 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	Dahl	Knaak	Merriam	Ramstad
Anderson	Davis	Knutson	Metzen	Reichgott
Beckman	Decker	Kroening	Moe, D.M.	Schmitz
Belanger	Flynn	Laidig	Moe, R.D.	Solon
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, R.W.	Waldorf
Brandl	Hughes	Marty	Piepho	
Chmielewski	Johnson, D.E.	McGowan	Pogemiller	
Cohen	Johnson, D.J.	McQuaid	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. 1081 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1081

A bill for an act relating to courts; providing for a study by the supreme court of racial bias in the judicial system; appropriating money.

April 20, 1990

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. 1081, 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. 1081 be further amended as follows:

Page 2, line 6, after the period insert "*In the interim, the task force may report findings as parts of the study are completed.*"

Page 2, delete lines 8 to 11, and insert:

"\$50,000 in fiscal year 1991 is appropriated from the general fund to

*the supreme court to carry out the study under section 1. This is a one-time appropriation and is available until expended."*

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Allan H. Spear, Gene Merriam, Gary W. Laidig

House Conferees: (Signed) Andy Dawkins, Wayne Simoneau, Warren E. Limmer

Mr. Spear moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1081 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. 1081 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	Dahl	Knaak	Metzen	Reichgott
Anderson	Davis	Knutson	Moe, D.M.	Samuelson
Beckman	Decker	Kroening	Moe, R.D.	Schmitz
Belanger	DeCramer	Laidig	Morse	Solon
Benson	Flynn	Langseth	Novak	Spear
Berglin	Frank	Lantry	Olson	Storm
Bernhagen	Frederick	Lessard	Pariseau	Stumpf
Bertram	Frederickson, D.J.	Luther	Peterson, R.W.	Vickerman
Brandl	Frederickson, D.R.	Marty	Piepho	Waldorf
Brataas	Gustafson	McGowan	Pogemiller	
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Merriam	Ramstad	

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

### CALL OF THE SENATE

Mr. Benson imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Benson moved that H.F. No. 1843 be taken from the table.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 26 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knaak	McQuaid	Vickerman
Beckman	Frederick	Knutson	Olson	Waldorf
Belanger	Frederickson, D.J.	Kroening	Pariseau	
Benson	Frederickson, D.R.	Laidig	Piepho	
Bernhagen	Gustafson	Larson	Ramstad	
Brataas	Johnson, D.E.	McGowan	Storm	

Those who voted in the negative were:

Adkins	Davis	Lantry	Morse	Schmitz
Berg	DeCramer	Lessard	Novak	Solon
Berglin	Dicklich	Luther	Pehler	Spear
Bertram	Flynn	Marty	Peterson, R.W.	Stumpf
Brandl	Frank	Merriam	Piper	
Chmielewski	Hughes	Metzen	Purfeerst	
Cohen	Johnson, D.J.	Moe, D.M.	Reichgott	
Dahl	Langseth	Moe, R.D.	Samuelson	

The motion did not prevail.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1670 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1670

A bill for an act relating to natural resources; prohibiting transportation of Eurasian water milfoil; providing exceptions; providing penalties for not removing Eurasian water milfoil from watercraft; providing penalties; amending Minnesota Statutes 1988, section 361.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 18.

April 20, 1990

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. 1670, 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. 1670 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [18.317] [EURASIAN OR NORTHERN WATER MILFOIL.]

*Subdivision 1. [TRANSPORTATION PROHIBITED.] Except as provided in subdivision 2, a person may not transport Eurasian or Northern water milfoil, myriophyllum spicatum or exalbescens, on a road or highway, as defined in section 160.02, subdivision 7, or on forest roads.*

*Subd. 2. [EXCEPTION.] A person may transport Eurasian or Northern water milfoil, myriophyllum spicatum or exalbescens, for disposal as part of a harvest or control activity.*

*Subd. 3. [LAUNCHING OF WATERCRAFT WITH EURASIAN OR NORTHERN WATER MILFOIL PROHIBITED.] (a) A person may not place a trailer or launch a watercraft with Eurasian or Northern water milfoil attached into waters of the state. A conservation officer or other licensed peace officer may order the removal of Eurasian or Northern water milfoil from a trailer or watercraft before being placed or launched into waters of the state.*

*(b) For purposes of this section, the meaning of watercraft includes a float plane and "waters of the state" has the meaning given in section 105.37, subdivision 7.*

*Subd. 4. [ENFORCEMENT.] This section may be enforced by conservation officers under sections 97A.205 and 97A.211, and other licensed peace officers.*

*Subd. 5. [PENALTY.] A person who violates subdivision 1 or 3 is guilty of a misdemeanor. A person who refuses to obey the order of a peace officer or conservation officer to remove Eurasian or Northern water milfoil from a trailer or watercraft is guilty of a misdemeanor.*

Sec. 2. Minnesota Statutes 1988, section 361.03, is amended by adding a subdivision to read:

*Subd. 11a. [SUSPENSION FOR NOT REMOVING EURASIAN OR NORTHERN WATER MILFOIL.] The commissioner, after notice and an opportunity for hearing, may suspend for a period of not more than one year the license of a watercraft if the owner or person in control of the watercraft or its trailer refuses to comply with an order of a conservation officer or other licensed peace officer to remove Eurasian or Northern water milfoil, *myriophyllum spicatum* or *exalbescens*, from the watercraft or its trailer as provided in section 18.317, subdivision 3.*

Sec. 3. [EFFECTIVE DATE.]

*This act is effective May 12, 1990."*

Delete the title and insert:

"A bill for an act relating to natural resources; prohibiting transportation of Eurasian or Northern water milfoil; providing exceptions; providing penalties for not removing Eurasian or Northern water milfoil from watercraft; providing penalties; amending Minnesota Statutes 1988, section 361.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 18."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) William P. Luther, Steven G. Novak, Gen Olson

House Conferees: (Signed) Wes Skoglund, Ron Abrams, Willard Munger

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1670 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. 1670 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	Dahl	Johnson, D.E.	Merriam	Ramstad
Anderson	Davis	Johnson, D.J.	Metzen	Reichgott
Beckman	Decker	Knaak	Moe, D.M.	Samuelson
Belanger	DeCramer	Knutson	Moe, R.D.	Schmitz
Berg	Dicklich	Kroening	Morse	Solon
Berglin	Flynn	Laidig	Novak	Spear
Bernhagen	Frank	Lantry	Olson	Storm
Bertram	Frederick	Lessard	Pariseau	Stumpf
Brandl	Frederickson, D.J.	Luther	Pehler	Vickerman
Brataas	Frederickson, D.R.	Marty	Peterson, R.W.	Waldorf
Chmielewski	Gustafson	McGowan	Piepho	
Cohen	Hughes	McQuaid	Pogemiller	

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

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. 2474, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2474 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 23, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2474

A bill for an act relating to insurance; long-term care; modifying the definition of medically prescribed long-term care; allowing additional licensed health care providers to prepare plans of care; regulating assessments; regulating cancellations; amending Minnesota Statutes 1988, sections 62A.46, subdivisions 2, 4, 5, and 8; 62A.48, subdivision 3, and by adding a subdivision; and 62A.56; Minnesota Statutes 1989 Supplement, section 62A.48, subdivision 1.

April 18, 1990

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. 2474, 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. 2474 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 62A.46, subdivision 2, is

amended to read:

Subd. 2. [LONG-TERM CARE POLICY.] "Long-term care policy" means an individual or group policy, certificate, subscriber contract, or other evidence of coverage that provides benefits for ~~medically~~ prescribed long-term care, including nursing facility services and home care services, pursuant to the requirements of sections 62A.46 to 62A.56. A long-term care policy must contain a designation specifying whether the policy is a long-term care policy AA or A and a caption stating that the commissioner has established two categories of long-term care insurance and the minimum standards for each.

Sections 62A.46, 62A.48, and 62A.52 to 62A.56 do not apply to a long-term care policy issued to (a) an employer or employers or to the trustee of a fund established by an employer where only employees or retirees, and dependents of employees or retirees, are eligible for coverage or (b) to a labor union or similar employee organization. The associations exempted from the requirements of sections 62A.31 to 62A.44 under 62A.31, subdivision 1, clause (c) shall not be subject to the provisions of sections 62A.46 to 62A.56 until July 1, 1988.

Sec. 2. Minnesota Statutes 1988, section 62A.46, subdivision 4, is amended to read:

Subd. 4. [HOME CARE SERVICES.] "Home care services" means one or more of the following ~~medically~~ prescribed services for the long-term care and treatment of an insured that are provided by a home health agency in a noninstitutional setting according to a written diagnosis *or assessment* and plan of care:

- (1) nursing and related personal care services under the direction of a registered nurse, including the services of a home health aide;
- (2) physical therapy;
- (3) speech therapy;
- (4) respiratory therapy;
- (5) occupational therapy;
- (6) nutritional services provided by a licensed dietitian;
- (7) homemaker services, meal preparation, and similar nonmedical services;
- (8) medical social services; and
- (9) other similar medical services and health-related support services.

Sec. 3. Minnesota Statutes 1988, section 62A.46, subdivision 5, is amended to read:

Subd. 5. [MEDICALLY PRESCRIBED LONG-TERM CARE.] "~~Medically~~ Prescribed long-term care" means a service, type of care, or procedure that *could not be omitted without adversely affecting the patient's illness or condition* and is specified in a plan of care prepared by either: (1) a physician and a registered nurse and is appropriate and consistent with the ~~physician's diagnosis and that could not be omitted without adversely affecting the patient's illness or condition;~~ or (2) a registered nurse or licensed social worker based on an assessment of the insured's ability to perform the activities of daily living and to perform basic cognitive functions appropriately.

Sec. 4. Minnesota Statutes 1988, section 62A.46, subdivision 8, is amended to read:

Subd. 8. [PLAN OF CARE.] "Plan of care" means a written document prepared and signed by *either: (1) a physician and registered nurse that specifies medically prescribed long-term care services or treatment that are consistent with the diagnosis and are; or (2) by a registered nurse or licensed social worker that specifies prescribed long-term care services or treatment that are consistent with an assessment of the insured's ability to perform the activities of daily living and to perform basic cognitive functions appropriately. The plan of care must be prepared in accordance with accepted medical and nursing standards of practice and must contain services or treatment that could not be omitted without adversely affecting the patient's illness or condition.*

Sec. 5. Minnesota Statutes 1989 Supplement, section 62A.48, subdivision 1, is amended to read:

Subdivision 1. [POLICY REQUIREMENTS.] No individual or group policy, certificate, subscriber contract, or other evidence of coverage of nursing home care or other long-term care services shall be offered, issued, delivered, or renewed in this state, whether or not the policy is issued in this state, unless the policy is offered, issued, delivered, or renewed by a qualified insurer and the policy satisfies the requirements of sections 62A.46 to 62A.56. A long-term care policy must cover ~~medically~~ prescribed long-term care in nursing facilities and at least the ~~medically~~ prescribed long-term home care services in section 62A.46, subdivision 4, clauses (1) to (5), provided by a home health agency. Coverage under a long-term care policy AA must include: a maximum lifetime benefit limit of at least \$100,000 for services, and nursing facility and home care coverages must not be subject to separate lifetime maximums. Coverage under a long-term care policy A must include: a maximum lifetime benefit limit of at least \$50,000 for services, and nursing facility and home care coverages must not be subject to separate lifetime maximums. Prior hospitalization may not be required under a long-term care policy.

Coverage under either policy designation must cover preexisting conditions during the first six months of coverage if the insured was not diagnosed or treated for the particular condition during the 90 days immediately preceding the effective date of coverage. Coverage under either policy designation may include a waiting period of up to 90 days before benefits are paid, but there must be no more than one waiting period per benefit period. No policy may exclude coverage for mental or nervous disorders which have a demonstrable organic cause, such as Alzheimer's and related dementias. No policy may require the insured to be homebound or house confined to receive home care services. The policy must include a provision that the plan will not be canceled or renewal refused except on the grounds of nonpayment of the premium, provided that the insurer may change the premium rate on a class basis on any policy anniversary date. A provision that the policyholder may elect to have the premium paid in full at age 65 by payment of a higher premium up to age 65 may be offered. A provision that the premium would be waived during any period in which benefits are being paid to the insured during confinement in a nursing facility must be included. A nongroup policyholder may return a policy within 30 days of its delivery and have the premium refunded in full, less any benefits paid under the policy, if the policyholder is not satisfied for any reason.

*No individual long-term care policy shall be offered or delivered in this state until the insurer has received from the insured a written designation of at least one person, in addition to the insured, who is to receive notice of cancellation of the policy for nonpayment of premium. The insured has the right to designate up to a total of three persons who are to receive the notice of cancellation, in addition to the insured. The form used for the written designation must inform the insured that designation of one person is required and that designation of up to two additional persons is optional and must provide space clearly designated for listing between one and three persons. The designation shall include each person's full name, home address, and telephone number. Each time an individual policy is renewed or continued, the insurer shall notify the insured of the right to change this written designation.*

*The insurer may file a policy form that utilizes a plan of care prepared as provided under section 62A.46, subdivision 5, clause (1) or clause (2).*

Sec. 6. Minnesota Statutes 1988, section 62A.48, subdivision 3, is amended to read:

Subd. 3. [EXPENSE-INCURRED COVERAGE.] If benefits are provided on an expense-incurred basis, a benefit of not less than 80 percent of covered charges for ~~medically~~ prescribed long-term care must be provided.

Sec. 7. Minnesota Statutes 1988, section 62A.48, is amended by adding a subdivision to read:

Subd. 8. [CANCELLATION FOR NONPAYMENT OF PREMIUM.] *No individual long-term care policy shall be canceled for nonpayment of premium unless the insurer, at least 30 days before the effective date of the cancellation, has given notice to the insured and to those persons designated pursuant to section 62A.48, subdivision 1, at the address provided by the insured for purposes of receiving notice of cancellation.*

Sec. 8. Minnesota Statutes 1988, section 62A.56, is amended to read:

62A.56 [RULEMAKING.]

Subdivision 1. [PERMISSIVE.] The commissioner may adopt rules pursuant to chapter 14 to carry out the purposes of sections 62A.46 to 62A.56. The rules may:

(1) establish additional disclosure requirements for long-term care policies designed to adequately inform the prospective insured of the need and extent of coverage offered;

(2) prescribe uniform policy forms in order to give the purchaser of long-term care policies a reasonable opportunity to compare the cost of insuring with various insurers; and

(3) establish other reasonable minimum standards as needed to further the purposes of sections 62A.46 to 62A.56.

Subd. 2. [MANDATORY.] *The commissioner shall adopt rules under chapter 14 establishing general standards to ensure that assessments used in the prescribing of long-term care are reliable, valid, and clinically appropriate.*

Sec. 9. [APPLICATION.]

*Sections 1 to 8 apply to policies issued after the effective date of sections 1 to 8.*

*For policies issued before the effective date of sections 1 to 8, the insured may exercise the right to designate additional persons under section 5 at each renewal or continuation date after August 1, 1990. The insurer shall notify the insured in writing of this right, and the right to change a written designation, each time the policy is renewed or continued beginning with the first renewal or continuation date after August 1, 1990."*

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Wes Skoglund, John Burger, Diane Wray Williams

Senate Conferees: (Signed) Sam G. Solon, James P. Metzen, Cal Larson

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2474 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. 2474 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	DeCramer	Kroening	Moe, D.M.	Samuelson
Anderson	Dicklich	Laidig	Moe, R.D.	Schmitz
Beckman	Flynn	Langseth	Morse	Solon
Belanger	Frank	Lantry	Novak	Spear
Berglin	Frederick	Larson	Olson	Storm
Bernhagen	Frederickson, D.J.	Lessard	Pariseau	Stumpf
Bertram	Frederickson, D.R.	Luther	Pehler	Vickerman
Brandl	Freeman	Marty	Peterson, R.W.	Waldorf
Brataas	Gustafson	McGowan	Piepho	
Chmielewski	Hughes	McQuaid	Pogemiller	
Cohen	Johnson, D.J.	Merriam	Purfeerst	
Davis	Knaak	Metzen	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. 2457, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2457 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 23, 1990

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2457**

A bill for an act relating to public financing; allocating authority to issue tax exempt revenue bonds; restricting loans from proceeds of mortgage revenue bonds under certain circumstances; amending Minnesota Statutes 1988, sections 474A.02, subdivisions 6, 8, and by adding a subdivision; 474A.03; 474A.061, subdivision 3, and by adding subdivisions; 474A.091, subdivisions 1, 4, and 5; 474A.131, subdivision 2; and 474A.14; Minnesota Statutes 1989 Supplement, section 290.01, subdivision 19a; Minnesota Statutes Second 1989 Supplement, sections 474A.061, subdivisions 1 and 4; and 474A.091, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapter 474A; repealing Minnesota Statutes 1988, sections 474A.081, subdivisions 1, 2, and 4; and 474A.091, subdivision 4a; Minnesota Statutes Second 1989 Supplement, section 474A.061, subdivision 2.

April 18, 1990

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. 2457, 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. 2457 be further amended as follows:

Pages 1 and 2, delete section 1 and insert:

“Section 1. Minnesota Statutes 1988, section 462A.222, subdivision 3, as amended by Laws 1990, chapter 368, section 6, is amended to read:

Subd. 3. [ALLOCATION PROCEDURE.] (a) Projects will be awarded tax credits in three competitive rounds on an annual basis. The date for applications for each round must be determined by the agency. No allocating agency may award tax credits prior to the application dates established by the agency.

(b) Each allocating agency must meet the requirements of section 42(m) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the allocation of tax credits and the selection of projects.

(c) ~~In~~ For applications submitted for the first round, an allocating agency may allocate tax credits only to the following types of projects:

(1) single-room occupancy projects which are affordable by households whose income does not exceed 30 percent of the median income;

(2) family housing projects in which at least 75 percent of the units contain two or more bedrooms and at least ~~25~~ one-third of the 75 percent contain three or more bedrooms;

(3) projects in which at least 50 percent of the units are for mentally ill, mentally retarded, drug dependent, developmentally disabled, or physically handicapped persons;

(4) projects which preserve existing subsidized housing which is subject to prepayment if the use of tax credits is necessary to prevent conversion

to market rate use; or

(5) projects financed by the Farmers Home Administration which meet statewide distribution goals.

(d) Before the date for applications for the second round, the allocating agencies other than the agency shall return all uncommitted and unallocated tax credits to the pool from which they were allocated, along with copies of any allocation or commitment. In the second round, the agency shall allocate the remaining credits from the regional pools to projects from the respective regions.

(e) In the third round, all unallocated tax credits must be transferred to a unified pool for allocation by the agency on a statewide basis.

(f) Unused portions of the state ceiling for low-income housing tax credits reserved to cities and counties for allocation may be returned at any time to the agency for allocation."

Page 5, line 13, before the period insert "*or census tract*"

Page 5, line 33, after "*incomes*" insert "*at the time of their initial residency in the project*"

Page 6, line 3, delete "25" and insert "*one-third of the 75*" and delete "*of the units*"

Page 6, line 5, after "*incomes*" insert "*at the time of their initial residency in the project*"

Page 6, line 30, after the period insert "*The commissioner may request from the issuer a copy of the annual certification prepared by the developer. The commissioner may require the issuer to request individual certification of all residents of the project.*"

Page 6, delete lines 31 to 35 and insert:

*"Subd. 3. [PENALTY.] If a project is found out of compliance with the rental rate or income level requirements under subdivision 1, the owner or owners of the project shall pay a penalty to the commissioner equal to one-half of one percent of the total amount of bonds issued for the project under this chapter. For each additional year a project is out of compliance, the annual penalty must be increased by one-half of one percent of the total amount of bonds issued under this chapter for the project. The commissioner shall deposit any penalties collected under this subdivision in the housing trust fund account established under section 462A.201."*

Page 7, line 9, delete everything after "*occupied*" and insert a period

Page 7, delete line 10

Page 7, line 15, delete everything after "*occupied*" and insert a period

Page 7, delete lines 16 and 17

Page 8, after line 24, insert:

*"Subd. 3. [NONMETROPOLITAN AREA.] The Minnesota housing finance agency and cities shall initiate steps in the nonmetropolitan areas of the state similar to those required for the metropolitan area under subdivision 2 to encourage loans for existing housing or for new housing under the conditions specified in subdivision 2."*

Renumber the remaining subdivisions

Page 9, line 9, delete "and" and before the period insert ", and steps taken to encourage loan activity as required in subdivision 3"

Page 10, line 24, delete "6" and insert "7"

Page 10, line 35, delete "county" and insert "area"

Page 11, line 4, delete "90" and insert "80"

Page 11, line 7, delete "90" and insert "80"

Page 11, line 13, delete "and"

Page 11, line 14, delete the period and insert " ; and

*(5) an application deposit equal to one percent of the requested allocation must be submitted with the city's application. The agency shall submit the application and application deposit to the commissioner when requesting an allocation from the housing pool."*

Page 12, line 1, after the period insert "*The commissioner shall return any application deposit to a city that paid an application deposit under paragraph (a), clause (5), but was not part of the agreement forwarded to the commissioner under this paragraph.*"

Page 21, line 2, after "allocation in" insert "the multifamily"

Page 21, line 12, after the comma insert "and"

Page 21, line 13, delete everything after "allocation"

Page 21, delete line 14

Page 21, line 15, delete "6"

Page 21, line 23, after "under" insert "Minnesota Statutes,"

Page 22, line 16, delete everything after the period

Page 22, delete lines 17 to 27

Page 22, line 28, delete "allocation first."

Page 23, lines 1 and 7, after "under" insert "Minnesota Statutes,"

Page 24, after line 31, insert:

"Sec. 23. [TAX CREDIT PROJECTS RECEIVING ALLOCATION PRIOR TO MARCH 31, 1990.]

*Projects eligible for federal low-income tax credits that received bonding allocation under Minnesota Statutes, chapter 474A, prior to the effective date of Laws 1990, chapter 368, are subject to the following conditions:*

*(a) The requirements of Laws 1990, chapter 368, section 6, paragraph (c), do not apply.*

*(b) The requirements of the applicable qualified allocation plan for the second and third rounds for federal low-income tax credits must apply."*

Page 25, delete lines 2 to 5 and insert:

*"Sections 2 to 6, 8 to 21, and 24 are effective January 1, 1991. Section 7 applies to projects that receive an allocation of bonding authority after the day of final enactment. Sections 1, 7, 22, and 23 are effective the day following final enactment."*

Renumber the sections in sequence



Correct internal references

Amend the title accordingly

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Ann H. Rest, Paul Anders Ogren, Dee Long

Senate Conferees: (Signed) Lawrence J. Pogemiller, Douglas J. Johnson, Ember D. Reichgott

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2457 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. 2457 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	Cohen	Hughes	Metzen	Reichgott
Anderson	Dahl	Johnson, D.E.	Morse	Renneke
Beckman	Davis	Johnson, D.J.	Novak	Samuelson
Belanger	Decker	Knaak	Olson	Schmitz
Benson	DeCramer	Langseth	Pariseau	Solon
Berg	Dicklich	Lantry	Pehler	Spear
Berglin	Flynn	Larson	Peterson, R.W.	Storm
Bernhagen	Frank	Lessard	Piepho	Stumpf
Bertram	Frederick	Luther	Piper	Vickerman
Brandl	Frederickson, D.J.	Marty	Pogemiller	Waldorf
Brataas	Frederickson, D.R.	McGowan	Purfeerst	
Chmielewski	Gustafson	McQuaid	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 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. 2195: A bill for an act relating to waste; prohibiting certain types of low-level radioactive waste from being disposed of at other than licensed facilities; providing for a task force on radioactive waste deregulation; proposing coding for new law in Minnesota Statutes, chapter 116C.

There has been appointed as such committee on the part of the House: Greenfield, Jennings and Ozment.

Senate File No. 2195 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 1894: A bill for an act relating to environment and natural resources; amending provisions relating to water management organizations; providing legislative commission oversight of the metropolitan water management act; authorizing management and financing of drainage systems under certain laws; clarifying water management purposes; authorizing counties to remove watershed district managers for just cause; authorizing a technical advisory committee; requiring watershed management organizations to prepare newsletters, annual reports, and audits; providing for preparation of watershed plans and implementation of plans; providing penalties for not implementing plans; authorizing and directing the board of water and soil resources to adopt rules; providing for appeal of plan failures; providing for requests for proposals for certain services; authorizing accumulation of levy proceeds; requiring a draining system report; appropriating money; amending Minnesota Statutes 1988, sections 110B.28; 110B.30; 112.42, by adding a subdivision; 473.875; 473.876, by adding a subdivision; 473.877, subdivision 1; 473.878, subdivisions 1, 1a, 2, 3, 4, 8, and by adding subdivisions; 473.879, subdivision 2; 473.881; 473.882, subdivision 1; and 473.883, subdivisions 3 and 7; Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 112 and 473.

There has been appointed as such committee on the part of the House: Price; Johnson, A. and Lynch.

Senate File No. 1894 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 2160: A bill for an act relating to education; providing for the environmental education act; creating the office of environmental education; proposing coding for new law as Minnesota Statutes, chapter 126A; repealing Minnesota Statutes 1988, sections 116E.01; 116E.02; 116E.03, subdivisions 2, 3, 4, 5, 6, 7, 7a, 8, and 9; and 116E.04; Minnesota Statutes 1989 Supplement, sections 116E.03, subdivision 1; and 116E.035.

There has been appointed as such committee on the part of the House: Nelson, K.; Bauerly and Ozment.

Senate File No. 2160 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 2177: A bill for an act relating to traffic safety; providing for administrative impoundment of license plates of vehicles owned by repeat violators of laws relating to driving while intoxicated; providing for issuance of special plates; requiring peace officers to serve a notice of intent to impound when serving a notice of intent to revoke the violator's driver's license; providing for administrative and judicial review of impoundment orders; eliminating the alcohol problem screening for persons convicted of offenses associated with driving under the influence of alcohol or a controlled substance; modifying procedures for chemical use assessments, programs, and funding; changing the maximum rate for reimbursement of counties from the general fund for the assessments; expanding the crime of refusing to submit to an implied consent test; requiring notice of certain enhanced penalties; expanding the crime of aggravated driving while intoxicated; removing requirement that negligence be proven for conviction of criminal vehicular operation if driver's alcohol concentration was 0.10 or more; imposing penalties for criminal vehicular operation resulting in substantial bodily harm; prohibiting constructive possession of alcohol in a private motor vehicle; expanding the definition of possession; changing provisions about aircraft operation while under the influence of alcohol or controlled substances; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 168.041, subdivisions 3, 8, and 10; 169.121, by adding a subdivision; 169.122, subdivision 2; 169.124, subdivision 1; 169.126, subdivisions 1, 2, 6, and by adding a subdivision; 169.129; and 360.015, subdivisions 1 and 6; Minnesota Statutes 1989 Supplement, sections 169.041, subdivision 4; 169.121, subdivisions 1a, 3, and 3b; 169.126, subdivision 4; 260.193, subdivision 8; and 609.21; proposing coding for new law in Minnesota Statutes, chapters 168 and 360; repealing Minnesota Statutes 1988, sections 168.041, subdivision 3a; 169.124, subdivisions 2 and 3; 169.126, subdivisions 2, 3, and 4b; 360.075, subdivision 7; and 360.0751; Minnesota Statutes 1989 Supplement, sections 168.041, subdivision 4a; and 169.126, subdivision 4a.

There has been appointed as such committee on the part of the House:  
Rest, Kelly and Swenson.

Senate File No. 2177 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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.

1999, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1999: A bill for an act relating to agriculture; changing certain duties, procedures, and requirements related to organic food; amending Minnesota Statutes 1988, sections 31.92, by adding subdivisions; 31.94; and 31.95.

Senate File No. 1999 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 1983, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1983: A bill for an act relating to liquor; authorizing the metropolitan airports commission to issue off-sale liquor licenses for the sale of Minnesota wine; amending Minnesota Statutes 1988, section 340A.405, by adding a subdivision.

Senate File No. 1983 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 1874, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1874: A bill for an act relating to meetings of public bodies; government data practices; defining final disposition of a disciplinary action regarding personnel records; making clear that meetings may not be closed on the basis of data classification statutes; providing an exception to the open meeting law for preliminary discussions concerning allegations of misconduct against government employees or evaluations of government employees; amending Minnesota Statutes 1988, sections 13.43, subdivision 2; and 471.705, by adding subdivisions.

Senate File No. 1874 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 2156, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2156: A bill for an act relating to local government; allowing municipalities to enter into certain contracts to reduce energy and operating costs; amending Minnesota Statutes 1988, section 471.345, by adding a subdivision; repealing Minnesota Statutes 1988, section 471.345, subdivision 9.

Senate File No. 2156 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 2181, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2181: A bill for an act relating to labor; regulating joint labor-management committees; regulating public employee elections; providing for the selection of arbitrators by mutual agreement; amending Minnesota Statutes 1988, sections 179.02, by adding a subdivision; 179.84, subdivision 1; 179.85; 179A.04, subdivision 3; 179A.12, subdivisions 7 and 11; and Minnesota Statutes 1989 Supplement, section 179A.16, subdivision 4.

Senate File No. 2181 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 2213, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2213: A bill for an act relating to traffic regulations; regulating wheel flaps and covered loads; imposing a penalty; amending Minnesota Statutes 1988, sections 169.733; and 169.81, subdivision 5, and by adding a subdivision.

Senate File No. 2213 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Freeman moved that the following members be excused for a Conference Committee on H.F. No. 2651 at 2:15 p.m.:

Messrs. Benson; Merriam; Moe, R. D.; Waldorf and Freeman. The motion prevailed.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Pogemiller moved that S.F. No. 2054 be taken from the table. The motion prevailed.

S.F. No. 2054: A bill for an act relating to courts; staggering the elections of chief judges and assistant chief judges; providing for the adoption of rules by the supreme court governing jury administration; imposing penalties; amending Minnesota Statutes 1988, sections 484.69, subdivision 1, and by adding a subdivision; 593.19; 593.21; 593.31; 593.37, subdivision 2a; 593.40, subdivisions 4, 5, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 593; repealing Minnesota Statutes 1988, sections 484.69, subdivision 2; 593.01; 593.08; 593.131; 593.135; 593.16; 593.33; 593.34; 593.35; 593.36; 593.37, subdivisions 1, 2, and 3; 593.38; 593.39; 593.40, subdivisions 1, 2, and 3; 593.41; 593.42, subdivisions 1, 2, 3, and 5; 593.43; 593.44; 593.45; 593.46; 593.47; and 593.49.

**CONCURRENCE AND REPASSAGE**

Mr. Pogemiller moved that the Senate concur in the amendments by the House to S.F. No. 2054 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2054 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.	McQuaid	Purfeerst
Anderson	Decker	Johnson, D.J.	Metzen	Ramstad
Beckman	DeCramer	Knaak	Morse	Reichgott
Belanger	Dicklich	Knutson	Novak	Renneke
Berglin	Flynn	Langseth	Olson	Samuelson
Bernhagen	Frank	Lantry	Pariseau	Schmitz
Bertram	Frederick	Larson	Pehler	Spear
Brandl	Frederickson, D.I.	Lessard	Peterson, R.W.	Storm
Brataas	Frederickson, D.R.	Luther	Piepho	Stumpf
Cohen	Gustafson	Marty	Piper	Vickerman
Dahl	Hughes	McGowan	Pogemiller	

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 2173 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 2173**

A bill for an act relating to the environment; providing assistance to eligible recipients on methods to prevent toxic pollution; providing financial assistance to research and demonstrate alternative means to prevent toxic pollution; requiring facilities to develop plans to prevent toxic pollution; providing for chlorofluorocarbon reduction; requiring an air pollution study; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 116 and 325E; proposing coding for new law as Minnesota Statutes, chapter 115D.

April 18, 1990

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. 2173, 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. 2173 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

MINNESOTA TOXIC POLLUTION PREVENTION ACT

Section 1. [115D.01] [CITATION.]

*Sections 1 to 11 may be cited as the “Minnesota toxic pollution prevention act.”*

Sec. 2. [115D.02] [POLICY.]

*(a) To protect the public health, welfare, and the environment, the legislature declares that it is the policy of the state to encourage toxic pollution prevention. The preferred means of preventing toxic pollution are techniques and processes that are implemented at the source and that minimize the transfer of toxic pollutants from one environmental medium to another.*

*(b) The legislature intends that the programs developed under this act shall encourage and lead to a greater awareness of the need for and benefits of toxic pollution prevention, and to a greater degree of cooperation and coordination among all elements of government, industry, and the public in encouraging and carrying out pollution prevention activities.*

Sec. 3. [115D.03] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this chapter.*

*Subd. 2. [COMMISSION.] “Commission” means the emergency response commission under section 299K.03.*

*Subd. 3. [COMMISSIONER.] “Commissioner” means the commissioner of the pollution control agency.*

*Subd. 4. [DIRECTOR.] “Director” means the director of the office of waste management.*

*Subd. 5. [ELIGIBLE RECIPIENTS.] "Eligible recipients" means persons who use, generate, or release toxic pollutants, hazardous substances, or hazardous wastes.*

*Subd. 6. [FACILITY.] "Facility" means all buildings, equipment, structures, and other stationary items that are located on a single site or on contiguous or adjacent sites and that are owned or operated by the same person, or by any person who controls, is controlled by, or is under common control with such person.*

*Subd. 7. [PERSON.] "Person" means any individual, partnership, association, public or private corporation or other entity including the United States government, any interstate body, the state and any agency, department or political subdivision of the state.*

*Subd. 8. [POLLUTION PREVENTION OR PREVENT POLLUTION.] "Pollution prevention" or "prevent pollution" means eliminating or reducing at the source the use, generation, or release of toxic pollutants, hazardous substances, and hazardous wastes.*

*Subd. 9. [REDUCE, REDUCING, OR REDUCTION.] "Reduce," "reducing," or "reduction" means lessening the quantity or toxicity of toxic pollutants, hazardous substances, and hazardous wastes used, generated, or released at the source. Methods of reducing pollution include, but are not limited to, process modification, inventory control measures, feedstock substitutions, various housekeeping and management practices, and improved efficiency of machinery. Decreases in quantity or toxicity are not reductions where the decrease is solely the result of a decrease in the output of the facility.*

*Subd. 10. [RELEASE.] "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment which occurred at a point in time or which continues to occur.*

*"Release" does not include:*

*(1) emissions from the engine exhaust of a motor vehicle, rolling stock, aircraft, watercraft, or pipeline pumping station engine;*

*(2) release of source, by-product, or special nuclear material from a nuclear incident, as those terms are defined in the Atomic Energy Act of 1954, under United States Code, title 42, section 2014, if the release is subject to requirements with respect to financial protection established by the federal Nuclear Regulatory Commission under United States Code, title 42, section 2210;*

*(3) release of source, by-product or special nuclear material from any processing site designated pursuant to the Uranium Mill Tailings Radiation Control Act of 1978, under United States Code, title 42, section 7912(a)(1) or 7942(a); or*

*(4) any release resulting from the application of fertilizer or agricultural or silvicultural chemicals, or disposal of emptied pesticide containers or residues from a pesticide as defined in section 18B.01, subdivision 18.*

*Subd. 11. [TOXIC POLLUTANT.] "Toxic pollutant" means a chemical identified in United States Code, title 42, section 11023(c).*

**Sec. 4. [115D.04] [POLLUTION PREVENTION ASSISTANCE PROGRAM.]**



*Subdivision 1. [ESTABLISHMENT.] The director shall establish a pollution prevention assistance program to assist eligible recipients in preventing pollution. The program must emphasize techniques and processes that minimize the transfer of pollutants from one environmental medium to another and must focus primarily on toxic pollutants.*

*Subd. 2. [ASSISTANCE.] The pollution prevention assistance program must include at least the following:*

*(1) a program to assemble, catalog, and disseminate information on pollution prevention;*

*(2) a program to provide technical research and assistance, including on-site consultations to identify alternative methods that may be applied to prevent pollution and to provide assistance for planning under section 7, excluding design engineering services; and*

*(3) outreach programs including seminars, workshops, training programs, and other similar activities designed to provide pollution prevention information and assistance to eligible recipients.*

*Subd. 3. [ADMINISTRATION.] (a) The pollution prevention assistance program must be coordinated with other public and private programs that provide management and technical assistance to eligible recipients.*

*(b) The director may make grants to public or private entities to operate elements of the program. Grantees shall provide periodic reports on their efforts to assist eligible recipients to reduce pollution.*

#### **Sec. 5. [115D.05] [POLLUTION PREVENTION GRANTS.]**

*Subdivision 1. [PURPOSE.] The director may make grants to study or demonstrate the feasibility of applying specific technologies and methods to prevent pollution.*

*Subd. 2. [ELIGIBILITY.] (a) Eligible recipients may receive grants under this section.*

*(b) Grants may be awarded up to a maximum of two-thirds of the total cost of the project. Grant money awarded under this section may not be spent for capital improvements or equipment.*

*Subd. 3. [PROCEDURE FOR AWARDED GRANTS.] (a) In determining whether to award a grant, the director shall consider at least the following:*

*(1) the potential of the project to prevent pollution;*

*(2) the likelihood that the project will develop techniques or processes that will minimize the transfer of pollution from one environmental medium to another;*

*(3) the extent to which information to be developed through the project will be applicable to other persons in the state;*

*(4) the willingness of the grant applicant to implement feasible methods and technologies developed under the grant;*

*(5) the willingness of the grant applicant to assist the director in disseminating information about the pollution prevention methods to be developed through the project; and*

*(6) the extent to which the project will conform to the pollution prevention policy established in section 2.*

*(b) The director shall adopt rules to administer the grant program. Prior to completion of any new rulemaking, the director may administer the program under the procedures established in rules promulgated under section 115A.154.*

**Sec. 6. [115D.06] [GOVERNOR'S AWARD FOR EXCELLENCE IN POLLUTION PREVENTION.]**

*The governor may issue annual awards in the form of a commendation for excellence in pollution prevention. Applications for these awards shall be administered by the director.*

**Sec. 7. [115D.07] [TOXIC POLLUTION PREVENTION PLANS.]**

**Subdivision 1. [REQUIREMENT TO PREPARE AND MAINTAIN A PLAN.]** *(a) Persons who operate a facility required by United States Code, title 42, section 11023, to submit a toxic chemical release form shall prepare a toxic pollution prevention plan for that facility. The plan must contain the information listed in subdivision 2.*

*(b) Except for facilities that release less than a total of 10,000 pounds of toxic pollutants annually, the plan must be completed as follows:*

*(1) on or before July 1, 1991, for facilities having a two-digit standard industrial classification of 35 to 39;*

*(2) by January 1, 1992, for facilities having a two-digit standard industrial classification of 28 to 34; and*

*(3) by July 1, 1992, for all other persons required to prepare a plan under this subdivision.*

*(c) Facilities that release less than a total of 10,000 pounds of toxic pollutants annually must complete their plans by July 1, 1992.*

*(d) Each plan must be updated every two years and must be maintained at the facility to which it pertains.*

**Subd. 2. [CONTENTS OF PLAN.]** *(a) Each toxic pollution prevention plan must establish a program identifying the specific technically and economically practicable steps that could be taken during at least the three years following the date the plan is due, to eliminate or reduce the generation or release of toxic pollutants reported by the facility. Toxic pollutants resulting solely from research and development activities need not be included in the plan.*

*(b) At a minimum, each plan must include:*

*(1) a policy statement articulating upper management support for eliminating or reducing the generation or release of toxic pollutants at the facility;*

*(2) a description of the current processes generating or releasing toxic pollutants that specifically describes the types, sources, and quantities of toxic pollutants currently being generated or released by the facility;*

*(3) a description of the current and past practices used to eliminate or reduce the generation or release of toxic pollutants at the facility and an evaluation of the effectiveness of these practices;*

*(4) an assessment of technically and economically practicable options available to eliminate or reduce the generation or release of toxic pollutants at the facility, including options such as changing the raw materials,*

*operating techniques, equipment and technology, personnel training, and other practices used at the facility. The assessment may include a cost benefit analysis of the available options;*

*(5) a statement of objectives based on the assessment in clause (4) and a schedule for achieving those objectives. Wherever technically and economically practicable, the objectives for eliminating or reducing the generation or release of each toxic pollutant at the facility must be expressed in numeric terms. Otherwise, the objectives must include a clearly stated list of actions designed to lead to the establishment of numeric objectives as soon as practicable;*

*(6) an explanation of the rationale for each objective established for the facility;*

*(7) a listing of options that were considered not to be economically and technically practicable; and*

*(8) a certification, signed and dated by the facility manager and an officer of the company under penalty of section 609.63, attesting to the accuracy of the information in the plan.*

Sec. 8. [115D.08] [PROGRESS REPORTS.]

*Subdivision 1. [REQUIREMENT TO SUBMIT PROGRESS REPORT.]*

*(a) All persons required to prepare a toxic pollution prevention plan under section 7 shall submit an annual progress report to the commissioner that may be drafted in a manner that does not disclose proprietary information. Progress reports are due on October 1 of each year. The first progress reports are due in 1992.*

*(b) At a minimum, each progress report must include:*

*(1) a summary of each objective established in the plan including the schedule for meeting the objective;*

*(2) a summary of progress made during the past year, if any, toward meeting each objective established in the plan including the quantity of each toxic pollutant eliminated or reduced;*

*(3) a statement of the methods through which elimination or reduction has been achieved;*

*(4) if necessary, an explanation of the reasons objectives were not achieved during the previous year, including identification of any technological, economic, or other impediments the facility faced in its efforts to achieve its objectives; and*

*(5) a certification, signed and dated by the facility manager and an officer of the company under penalty of section 609.63, attesting that a plan meeting the requirements of section 7 has been prepared and also attesting to the accuracy of the information in the progress report.*

*Subd. 2. [REVIEW OF PROGRESS REPORTS.] (a) The commissioner shall review all progress reports to determine if they meet the requirements of subdivision 1. If the commissioner determines that a progress report does not meet the requirements, the commissioner shall notify the facility in writing and shall identify specific deficiencies and specify a reasonable time period of not less than 90 days for the facility to modify the progress report.*

*(b) The commissioner shall be given access to a facility plan required*

*under section 7 if the commissioner determines that the progress report for that facility does not meet the requirements of subdivision 1. Twenty-five or more persons living within ten miles of the facility may submit a petition to the commissioner that identifies specific deficiencies in the progress report and requests the commissioner to review the facility plan. Within 30 days after receipt of the petition, the commissioner shall respond in writing. If the commissioner agrees that the progress report does not meet requirements of subdivision 1, the commissioner shall be given access to the facility plan.*

*(c) After reviewing the plan and the progress report with any modifications submitted, the commissioner shall state in writing whether the progress report meets the requirements of subdivision 1. If the commissioner determines that a modified progress report still does not meet the requirements of subdivision 1, the commissioner shall schedule a public meeting. The meeting shall be held in the county where the facility is located. The meeting is not subject to the requirements of chapter 14.*

*(d) The facility shall be given the opportunity to amend the progress report within a period of not less than 30 days after the public meeting.*

*(e) If the commissioner determines that a modified progress report still does not meet the requirements of subdivision 1, action may be taken under section 115.071 to obtain compliance with sections 1 to 11.*

#### Sec. 9. [115D.09] [CONFIDENTIALITY.]

*Information and techniques developed under section 4, the reduction information and techniques under section 5, and the progress reports required under section 8 are public data under chapter 13. The plans required under section 7 are nonpublic data under chapter 13.*

#### Sec. 10. [115D.10] [TOXIC POLLUTION PREVENTION EVALUATION REPORT.]

*The director, in cooperation with the commissioner and commission, shall report to the environment and natural resources committees of the legislature annually on progress being made in achieving the objectives of sections 1 to 11. The report must be submitted by December 15 of each year, beginning in 1992.*

#### Sec. 11. [115D.12] [POLLUTION PREVENTION FEES.]

*Subdivision 1. [IMPOSITION.] The pollution prevention fees in this section are imposed on persons and facilities under subdivision 2, paragraphs (a) and (b):*

*Subd. 2. [FEES.] (a) Persons required by United States Code, title 42, section 11023, to submit a toxic chemical release form to the commission shall pay a pollution prevention fee of \$150 for each toxic pollutant reported released plus a fee based on the total pounds of toxic pollutants reported as released from each facility. Facilities reporting less than 25,000 pounds annually of toxic pollutants released per facility shall be assessed a fee of \$500. Facilities reporting annual releases of toxic pollutants in excess of 25,000 pounds shall be assessed a graduated fee at the rate of two cents per pound of toxic pollutants reported, not to exceed a total of \$30,000 per facility.*

*(b) Persons who generate more than 1,000 kilograms of hazardous waste per month but who are not subject to the fee under paragraph (a) must*

pay a pollution prevention fee of \$500 per facility. Hazardous waste as used in this paragraph has the meaning given it in section 116.06, subdivision 13, and Minnesota Rules, chapter 7045.

(c) Fees required under this subdivision must be paid to the director by January 1 of each year. The fees shall be deposited in the state treasury and credited to the environmental fund.

Sec. 12. [REPORTS TO THE LEGISLATURE.]

*Subdivision 1. [REPORT ON BARRIERS TO POLLUTION PREVENTION.]* By January 1, 1991, the director shall prepare and submit a report to the environment and natural resources committees of the legislature analyzing the barriers to pollution prevention. At a minimum, the director shall report on regulatory, economic, educational, and institutional barriers and shall recommend strategies to overcome these barriers. Further, the report shall describe ways in which government may serve as a role model in pollution prevention.

*Subd. 2. [REPORT ON TOXIC POLLUTANTS USE REPORTING.]* By January 1, 1993, the director shall prepare and submit a report to the environment and natural resources committees of the legislature evaluating the utility of requiring companies to prepare toxic pollutant use reports and reduction plans. The report shall discuss, among other information, the potential uses of the data and the potential impact of such requirements on pollution prevention efforts. The report also shall discuss the need for a chemical accident prevention program to promote safety initiatives by industry. The report shall contain a recommendation as to whether to require toxic pollutant use reports and reduction plans.

Sec. 13. [APPROPRIATIONS.]

*Subdivision 1. [OFFICE OF WASTE MANAGEMENT.]* \$847,000 is appropriated from the environmental fund to the office of waste management to be available for the biennium ending June 30, 1991:

(a) For pollution prevention assistance to eligible recipients	\$560,000
(b) For pollution prevention grants	\$150,000
(c) For reports to the legislature and administration of sections 1 to 12	\$137,000

The approved complement of the office is increased by three positions.

*Subd. 2. [POLLUTION CONTROL AGENCY.]* \$45,000 is appropriated from the environmental fund to the pollution control agency to be available for the biennium ending June 30, 1991, for the purposes specified in sections 1 to 12.

The approved complement of the agency is increased by one position.

*Subd. 3. [DEPARTMENT OF PUBLIC SAFETY.]* \$48,000 is appropriated from the environmental fund to the department of public safety to be available for the biennium ending June 30, 1991, to ensure timely and accurate submittal of the toxic chemical release forms and annual progress reports in sections 1 to 12.

The approved complement of the department of public safety is increased by one position.

Sec. 14. [EFFECTIVE DATE.]

*Sections 1 to 13 are effective the day after final enactment.*

ARTICLE 2

COMPREHENSIVE CHLOROFLUOROCARBON REDUCTION  
AND RECYCLING ACT OF 1990

Section 1. [CITATION.]

*Sections 1 to 8 may be cited as the "comprehensive chlorofluorocarbon reduction and recycling act of 1990."*

Sec. 2. [PURPOSE.]

*It is the intent of the legislature to reduce the amount of CFCs used and emitted in Minnesota. Towards this goal, it is the legislature's intent that Minnesota industries use alternative chemicals when available and feasible. Where no alternative exists, CFCs should be recaptured and recycled whenever possible.*

Sec. 3. Minnesota Statutes 1988, section 116.70, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 116.71 to ~~116.73~~ 116.7397.

Sec. 4. [116.735] [REQUIREMENTS TO RECYCLE CFCs.]

*Subdivision 1. [SALVAGE AUTOMOBILES.] A person who processes automobiles for salvage must remove CFCs for recycling prior to disposal or sale of the materials containing CFCs. This subdivision does not apply to crushed automobiles or automobiles that have been processed in a manner that makes removal and recovery of CFCs impossible.*

*Subd. 2. [REFRIGERATION EQUIPMENT.] A person processing scrap refrigerators, central air conditioning units, or freezers must remove and recycle, destroy, or properly dispose of the CFCs.*

*Subd. 3. [MOBILE AIR CONDITIONING EQUIPMENT.] A person servicing or removing mobile air conditioning equipment must:*

*(1) recapture CFCs, provide storage for recaptured CFCs, and transfer recaptured CFCs to a recycler; or*

*(2) recapture CFCs and recycle the CFCs to an allowed use.*

*Subd. 4. [SERVICING OF APPLIANCES.] (a) A person servicing refrigerators, central air conditioning units, or freezers must:*

*(1) recapture CFCs, provide storage for recaptured CFCs, and transfer recaptured CFCs to a recycler; or*

*(2) recapture CFCs and recycle the CFCs to an allowed use.*

*(b) The recovered CFCs may be properly disposed of or destroyed.*

*Subd. 5. [FOAM NOT REQUIRED TO BE RECYCLED.] This section does not require recycling of rigid or flexible foam.*

*Subd. 6. [RULES.] The agency shall adopt rules for recycling CFCs and establish standards for CFC recycling equipment under this section.*

**Sec. 5. [116.737] [REQUIREMENT TO RECYCLE FIRE EXTINGUISHER HALONS.]**

*A person who recharges, services, or retires fire extinguishers must recapture and recycle halons.*

**Sec. 6. [116.7395] [MEDICAL DEVICE EXEMPTION.]**

*Sections 1 to 5 do not apply to processes using CFCs or halons on medical devices, in sterilization processes in health care facilities, or by a person or facility in manufacturing or selling of medical devices.*

**Sec. 7. [116.7397] [UNIFORM CFC REGULATION.]**

*It is the policy of this state to regulate and manage CFCs in a uniform manner throughout the state. Political subdivisions may not adopt, and are preempted from adopting or enforcing, requirements relating to CFCs that are different than state law.*

**Sec. 8. [325E.36] [SALE OF CERTAIN CFC PRODUCTS PROHIBITED.]**

*Subdivision 1. [MOTOR VEHICLE COOLANTS.] A person may not offer for sale or sell CFC coolants in containers weighing less than 15 pounds that are designed for or are suitable for use in motor vehicle air conditioners except to persons who possess CFC recycling equipment and who present proof of ownership of CFC recycling equipment at the time of purchase.*

*Subd. 2. [SOLVENTS.] A person may not offer for sale or sell solvents containing CFCs in containers weighing 15 pounds or less.*

*Subd. 3. [PARTY STREAMERS.] A person may not offer for sale or sell CFC propelled party streamers.*

*Subd. 4. [NOISE HORNS.] A person may not offer for sale or sell CFC noise horns.*

*Subd. 5. [CFC DEFINITION.] For purposes of this section, the term "CFC" has the definition given in section 116.70, subdivision 3.*

*Subd. 6. [APPLICABILITY TO NEW CHEMICALS.] For each new chemical added to section 116.70, subdivision 3, after the effective date of this act, the application of this section to the new chemical is effective on the date specified for elimination of production of that chemical in the Montreal Treaty.*

**Sec. 9. [EFFECTIVE DATE.]**

*Section 4, subdivisions 1 and 2, are effective July 1, 1991. Section 4, subdivision 4, is effective July 1, 1992. Section 4, subdivision 3, and section 8, subdivisions 1 to 4, are effective January 1, 1993."*

Delete the title and insert:

"A bill for an act relating to the environment; providing assistance to eligible recipients on methods to prevent toxic pollution; providing financial assistance to research and demonstrate alternative means to prevent toxic pollution; requiring facilities to develop plans to prevent toxic pollution and to submit progress reports; imposing pollution prevention fees; providing for chlorofluorocarbon reduction; providing regulations relating to chlorofluorocarbons and halons; providing penalties; appropriating money; amending Minnesota Statutes 1988, section 116.70, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 116 and 325E;

proposing coding for new law as Minnesota Statutes, chapter 115D.”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Bob Lessard, Gene Merriam, Dennis R. Frederickson

House Conferees: (Signed) Willard Munger, Sidney Pauly, Len Price

Mr. Lessard moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2173 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. 2173 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	Johnson, D.J.	Metzen	Ramstad
Anderson	Decker	Knaak	Morse	Reichgott
Beckman	DeCramer	Knutson	Novak	Renneke
Berg	Dicklich	Langseth	Olson	Schmitz
Berglin	Flynn	Lantry	Pariseau	Spear
Bernhagen	Frank	Larson	Pehler	Storm
Bertram	Frederick	Lessard	Peterson, R.W.	Stumpf
Brandl	Frederickson, D.J.	Luther	Piepho	Vickerman
Brataas	Frederickson, D.R.	Marty	Piper	
Cohen	Gustafson	McGowan	Pogemiller	
Dahl	Hughes	McQuaid	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. 2527 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2527

A bill for an act relating to agriculture; establishing an agricultural liming material law; allowing agreements between the commissioner of agriculture and certain persons required to file reports under the corporate farming law; appropriating money; prescribing penalties; amending Minnesota Statutes 1988, section 500.24, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 18F

April 20, 1990

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. 2527, 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. 2527 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [CITATION.]

*Sections 2 to 11 are known and may be cited as the “Minnesota agricultural liming materials law.”*

Sec. 2. [18C.531] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2 to 11.*

*Subd. 2. [AGRICULTURAL LIMING MATERIALS.] “Agricultural liming materials” means materials whose calcium or magnesium compounds, or both, account for an ENP of 30 percent or more and includes burnt lime, hydrated lime, industrial by-product, limestone, and marl.*

*Subd. 3. [BRAND.] “Brand” means the term designating trademark, product name, or other specific designation under which individual agricultural liming material is offered for sale.*

*Subd. 4. [BULK.] “Bulk” means in nonpackaged form.*

*Subd. 5. [BURNT LIME.] “Burnt lime” means a material made from limestone that consists essentially of calcium oxide or a combination of calcium oxide with magnesium oxide.*

*Subd. 6. [COMMISSIONER.] “Commissioner” means the commissioner of agriculture and the commissioner’s authorized agents.*

*Subd. 7. [DISTRIBUTOR.] “Distributor” means a person who imports, consigns, produces, or offers for sale, sells, barter, or otherwise supplies agricultural liming material in this state.*

*Subd. 8. [ENP] “ENP” means effective neutralizing power and is an expression of the neutralizing value of liming material based on the TNP and fineness which is expressed as a dry weight percentage.*

*Subd. 9. [FINENESS.] “Fineness” means the percentage by weight of material that will pass sieves of specified sizes.*

*Subd. 10. [GUARANTEED ANALYSIS.] “Guaranteed analysis” means the plant food claim in addition to claims for ENP or the ability to neutralize soil acidity.*

*Subd. 11. [GUARANTOR.] “Guarantor” means the person who is guaranteeing the agricultural liming material to be as stated in the guaranteed analysis statement.*

*Subd. 12. [HYDRATED LIME.] “Hydrated lime” means a material made from burnt lime that consists of calcium hydroxide or a combination of calcium hydroxide with either magnesium oxide, magnesium hydroxide, or both.*

*Subd. 13. [INDUSTRIAL BY-PRODUCT.] “Industrial by-product” means an industrial waste or by-product or the by-product of a municipal water treatment process containing calcium or magnesium or both in a form that may neutralize soil acidity.*

*Subd. 14. [LABEL.] “Label” means the display of all written, printed,*

or graphic matter on the immediate container or the statement accompanying a bulk shipment of agricultural liming material.

*Subd. 15. [LABELING.] "Labeling" means written, printed, or graphic matter on or accompanying agricultural liming material and advertisements, brochures, posters, and television, radio, or other announcements used in promoting their sale.*

*Subd. 16. [LIMESTONE.] "Limestone" means a material consisting of calcium carbonate or a combination of calcium carbonate with magnesium carbonate capable of neutralizing soil acidity.*

*Subd. 17. [MARL.] "Marl" means a granular or loosely consolidated earthy material composed largely of sea shell fragments and calcium carbonate.*

*Subd. 18. [OFFICIAL SAMPLE.] "Official sample" means a sample of agricultural liming material taken by the commissioner according to methods prescribed in section 8.*

*Subd. 19. [PERCENT; PERCENTAGE.] "Percent" or "percentage" means the percentage by weight.*

*Subd. 20. [PERSON.] "Person" means an individual, firm, corporation, partnership, association, trust, joint stock company, unincorporated organization, the state, a state agency, or a political subdivision.*

*Subd. 21. [PLANT FOOD.] "Plant food" means one of the following plant nutrients or an additional plant nutrient that might be generally recognized as beneficial for plant growth: nitrogen, phosphorus, potassium, calcium, magnesium, sulfur, boron, chlorine, cobalt, copper, iron, manganese, molybdenum, sodium, and zinc.*

*Subd. 22. [PRODUCER.] "Producer" means a person who operates a source of production or who blends an agricultural liming material to form a stockpile.*

*Subd. 23. [SELL.] "Sell" means:*

- (1) selling or transferring ownership;*
- (2) offering and exposing for sale, exchange, distribution, and transportation in and into this state;*
- (3) possession with intent to sell, exchange, distribute, or transport in and into this state;*
- (4) storing, carrying, and handling in aid of traffic, whether done in person or through an agent, employee, or others; or*
- (5) receiving, accepting, and holding a consignment for sale.*

*Subd. 24. [SOURCE OF PRODUCTION.] "Source of production" means a plant or facility where agricultural liming materials are produced or stockpiled.*

*Subd. 25. [STOCKPILE.] "Stockpile" means a supply of agricultural liming material stored for future use.*

*Subd. 26. [TNP.] "TNP" means total neutralizing power and is the total acid neutralizing capacity of an agricultural liming material expressed as a weight percentage of calcium carbonate and is equivalent to the term "calcium carbonate equivalent."*

*Subd. 27. [TON.] "Ton" means a net ton of 2,000 pounds avoirdupois.*

*Subd. 28. [WEIGHT.] "Weight" means the weight of material as offered for sale.*

**Sec. 3. [18C.535] [POWERS AND DUTIES OF COMMISSIONER.]**

*Subdivision 1. [ADMINISTRATION.] The commissioner shall administer, implement, and enforce sections 2 to 11. The department of agriculture is the lead state agency for the regulation of agricultural liming materials which includes the storage, handling, distribution, and use of agricultural liming materials.*

*Subd. 2. [DELEGATION OF DUTIES.] The commissioner may delegate authorities and duties under sections 2 to 11 to designated employees or agents of the department of agriculture.*

*Subd. 3. [DELEGATION TO APPROVED AGENCIES.] The commissioner may, by written agreement, delegate specific inspection, enforcement, and other regulatory duties of sections 2 to 11 to officials of approved agencies as defined in section 18B.01, subdivision 2.*

**Sec. 4. [18C.541] [LICENSE.]**

*Subdivision 1. [LICENSE TO SELL.] Before a person may sell, offer for sale, or dispose of in this state agricultural liming material to be used for the correction of soil acidity or soil fertility, the distributor and producer must obtain a license by filing with the commissioner an acceptable application for a license to sell, together with the license fee, on or before January 1 of each year. The application must state the name of the producer or distributor, the location of the principal office of the producer or distributor, the number and location of each source of production covered by the license, and the name, brand, or trademark under which the agricultural liming material will be sold.*

*Subd. 2. [EFFECTIVE DATES.] A license is effective until January 1 following the date of its issuance or approval. A license may not be transferred from one person to another.*

*Subd. 3. [LICENSE POSTING.] The license must be posted in a conspicuous place in each location where agricultural liming materials are sold.*

*Subd. 4. [SUBSTANTIATION OF CLAIMS.] The commissioner may require a person applying for a license to sell or produce an agricultural liming material for use in this state to submit authentic experimental evidence or university research data to substantiate the claims made for the product. As evidence to substantiate claims, the commissioner may rely on experimental data, evaluations, or advice furnished by experts at the University of Minnesota and may accept or reject additional sources of evidence in evaluating the agricultural liming material. In all cases, the experimental evidence must relate to conditions in this state for which use of the product is intended. The commissioner may also require evidence of value of the product when used as directed or recommended.*

*Subd. 5. [INSUFFICIENT EVIDENCE.] If the commissioner determines that the evidence submitted under subdivision 4 does not substantiate the product's usefulness in this state, the commissioner may require the applicant to submit samples, conduct tests, or submit additional information, including conditions affecting performance, to evaluate its performance*

and usefulness.

*Subd. 6. [INDUSTRIAL BY-PRODUCT WITHOUT CHARGE EXEMPT.] Industrial by-product lime material that is transferred between parties without compensation, except for a fair and reasonable transportation charge, is exempt from fees for licensing and inspection.*

**Sec. 5. [18C.545] [LABELING.]**

*Subdivision 1. [PRODUCT LABEL.] An agricultural liming material offered for sale in this state must be labeled in accordance with rules adopted under this chapter.*

*Subd. 2. [BULK SHIPMENT LABEL.] If agricultural liming material is transported or sold in bulk, an invoice or delivery ticket in written or printed form as required by subdivision 1 must accompany each delivery and be supplied to each purchaser at the time of delivery.*

**Sec. 6. [18C.551] [LICENSE, SAMPLING, AND INSPECTION FEES.]**

*Subdivision 1. [APPLICATION FEE.] An application for a license must be accompanied by a nonrefundable license fee of \$150. This fee shall not apply to occasional sales of 50 tons or less on an annual basis.*

*Subd. 2. [ADDITIONAL FEE AFTER JANUARY 1.] If an application for license renewal is not filed before January 1, an additional nonrefundable application fee of 50 percent of the amount due may be assessed before the renewal license is issued.*

*Subd. 3. [INSPECTION FEES.] An inspection fee, at the rate of five cents per ton, must be paid to the commissioner for all agricultural liming material offered for sale or sold in this state. If more than one person is involved in the distribution of agricultural liming material the person who first sells or imports the agricultural liming material is responsible for the inspection fee. A person licensed under section 5 must retain invoices showing proof of inspection fees paid.*

*Subd. 4. [SAMPLE AND ANALYSIS FEE.] The commissioner may sample agricultural liming material from a source of production to the extent the commissioner considers necessary to implement sections 2 to 11. A sampling fee of \$40 must be assessed for each sample collected.*

*Subd. 5. [DEPOSIT OF FEES] Fees and penalties collected under sections 2 to 11 must be deposited in the general fund.*

**Sec. 7. [18C.555] [TONNAGE REPORT.]**

*Subdivision 1. [SEMIANNUAL STATEMENT.] A licensed distributor or producer of agricultural liming material shall file with the commissioner on forms furnished by the commissioner a semiannual statement for the periods ending December 31 and June 30 setting forth the number of net tons of agricultural liming material sold in this state during the reporting period. The report is due on or before the last day of the month following the close of each reporting period of each calendar year. For a tonnage report that is not filed within 31 days after the end of the reporting period, a penalty of \$50 must be paid by the licensee and may be recovered in a civil action against the licensee. The assessment of this penalty does not prevent the department from taking other actions as provided in sections 2 to 11.*

*Subd. 2. [RECORD VERIFICATION.] Submission of each tonnage report*

*gives authority to the commissioner to verify the records upon which the statement of tonnage is based.*

Sec. 8. [18C.561] [SAMPLING METHODS.]

*The methods of sampling and analysis of agricultural liming materials must be those adopted by the Association of Official Analytical Chemists. In cases not covered by those methods, or in cases where methods are available in which improved applicability has been demonstrated, the commissioner may adopt appropriate methods from other sources.*

Sec. 9. [18C.565] [FALSE OR MISLEADING STATEMENTS.]

*A person may not sell a misbranded agricultural liming material. An agricultural liming material is misbranded if it carries a false or misleading statement on the container or on the label attached to the container, or if false or misleading statements concerning the agricultural liming material are disseminated in any manner or by any means.*

Sec. 10. [18C.571] [ADULTERATION.]

*A person may not sell an adulterated agricultural liming material. An agricultural liming material is adulterated if:*

*(1) it contains a deleterious or harmful ingredient in sufficient amount to render it injurious to plant life or the environment when applied in accordance with directions for use on the label;*

*(2) its composition falls below or differs from that it is purported to possess by its labeling; or*

*(3) it contains unwanted crop seed or weed seed. Adulterated products that cannot be reconditioned must be disposed of by methods approved by the commissioner.*

Sec. 11. [18C.575] [RULES.]

*Subdivision 1. [FOR ADMINISTRATION.] The commissioner may adopt emergency or permanent rules necessary to administer sections 2 to 11.*

*Subd. 2. [LIMING MATERIALS.] The commissioner may adopt rules governing the distribution, labeling, sale, handling, certification, use, application, storage, sampling, and analysis of liming materials.*

Sec. 12. Minnesota Statutes 1989 Supplement, section 18D.01, subdivision 3, is amended to read:

*Subd. 3. [AGRICULTURAL CHEMICAL.] "Agricultural chemical" means a pesticide as defined under chapter 18B or a fertilizer, agricultural liming material, plant amendment, or soil amendment as defined under chapter 18C.*

Sec. 13. Minnesota Statutes 1988, section 500.24, subdivision 4, is amended to read:

*Subd. 4. [REPORTS.] (a) The chief executive officer of every pension or investment fund, corporation, 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, 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 ten 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;

(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, 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) *The commissioner or the commissioner's authorized representative may enter into a written agreement with a person required to file a report under this subdivision who, for good cause shown, has failed to make a timely filing. An agreement must be construed as a "no contest" pleading and may encompass a reduction or waiver of the civil penalty for late filing. The agreement is final and conclusive with respect to the civil penalty, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The matter agreed upon in the agreement may not be reopened or modified by an officer, employee, or agent of the state. The report required under paragraph (b) must be completed prior to a reduction or waiver under this paragraph. The commissioner may enter into an agreement under this paragraph only once for each person required to file under this subdivision.*

(d) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Sec. 14. [REVISOR'S INSTRUCTION.]

*In the next and subsequent editions of Minnesota Statutes, the revisor shall entitle chapter 18C as "Fertilizers, Soil Amendments, Agricultural Liming, and Plant Amendments."*

Sec. 15. [APPROPRIATION.]

*\$60,000 is appropriated to the commissioner of agriculture from the general fund to be available until June 30, 1991, for administration and enforcement of sections 2 to 11. The approved complement of the department of agriculture is increased by one.*

Sec. 16. [EFFECTIVE DATE.]

*This act is effective January 1, 1991."*

Delete the title and insert:

*"A bill for an act relating to agriculture; establishing an agricultural liming material law; allowing agreements between the commissioner of agriculture and certain persons required to file reports under the corporate farming law; appropriating money; prescribing penalties; amending Minnesota Statutes 1988, section 500.24, subdivision 4; Minnesota Statutes 1989 Supplement, section 18D.01, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 18C."*

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Charles R. Davis, John Bernhagen, Joe Bertram, Sr.

House Conferees: (Signed) Loren G. Jennings, Wally Sparby, Elton R. Redalen

Mr. Davis moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2527 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. 2527 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	Hughes	Marty	Pogemiller
Anderson	Davis	Johnson, D.E.	McGowan	Purfeerst
Beckman	Decker	Johnson, D.J.	McQuaid	Ramstad
Belanger	DeCramer	Knaak	Metzen	Reichgott
Berg	Dicklich	Knutson	Novak	Renneke
Berglin	Flynn	Kroening	Olson	Schmitz
Bernhagen	Frank	Laidig	Pariseau	Spear
Bertram	Frederick	Lantry	Pehler	Storm
Brandl	Frederickson, D.J.	Larson	Peterson, R.W.	Stumpf
Brataas	Frederickson, D.R.	Lessard	Piepho	
Cohen	Gustafson	Luther	Piper	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Bertram introduced—

Senate Resolution No. 188: A Senate resolution commending Judge Rainer Weis for his many years of dedicated service in the legal profession.

Referred to the Committee on Rules and Administration.

### RECESS

Mr. Luther 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.

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. 2527, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2527: A bill for an act relating to agriculture; establishing an agricultural liming material law; allowing agreements between the commissioner of agriculture and certain persons required to file reports under the corporate farming law; appropriating money; prescribing penalties; amending Minnesota Statutes 1988, section 500.24, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 18F



Senate File No. 2527 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 2173, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2173: A bill for an act relating to the environment; providing assistance to eligible recipients on methods to prevent toxic pollution; providing financial assistance to research and demonstrate alternative means to prevent toxic pollution; requiring facilities to develop plans to prevent toxic pollution; providing for chlorofluorocarbon reduction; requiring an air pollution study; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 116 and 325E; proposing coding for new law as Minnesota Statutes, chapter 115D.

Senate File No. 2173 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 1896, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1896: A bill for an act relating to health; providing exemptions from the infectious waste control act; requiring hospitals to accept certain infectious waste; modifying standards for ambulance drivers; requiring adoption of rules setting new standards for recertification of and upgrading to emergency care course certificates; increasing reimbursement for volunteers; authorizing an emergency medical services advisory committee; regulating the provision of special transportation services; requiring studies; encouraging rural medical school applicants; requiring a study of medical assistance reimbursement for physicians; creating a rural hospital planning and transition grant program; creating a rural hospital subsidy fund; allowing counties authority to exceed levy limits; appropriating money; amending Minnesota Statutes 1989 Supplement, sections 116.76, subdivision 9; 116.78, by adding subdivisions; 144.804, subdivisions 1 and 7; 144.809; 144.8091; Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 136A; 144; and 174.

Senate File No. 1896 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 1827, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1827: A bill for an act relating to civil actions; providing for immunity from liability for unpaid members of county agricultural society boards; addressing reduction of damages in an action under no-fault automobile insurance; preserving common law tort law claims against adults who knowingly provide alcoholic beverages to minors; increasing the amount of claims that may be settled without court approval under the municipal compromise of claims statute; changing the standard for awarding punitive damages; addressing when a principal may be held liable for punitive damages for an act of the principal's agent; requiring a separate trial to address punitive damages; requiring the court to review a punitive damages award; making the contributory negligence rule apply to damages resulting from economic loss; redefining fault; abolishing the doctrine of last clear chance; providing immunity from liability for volunteer ski patrollers; allowing recovery of attorney fees by good faith reporters under the child abuse reporting act; repealing the limit on intangible loss damages and the requirement that a jury specify amounts for past, future, and intangible loss damages; amending Minnesota Statutes 1988, sections 38.013; 65B.51, subdivision 1; 340A.801, by adding a subdivision; 466.08; 541.051, subdivision 1; 548.36, subdivision 3; 549.20, subdivisions 1, 2, and by adding subdivisions; 604.01, subdivisions 1, 1a, and 3; 604.05, subdivision 2; 626.556, subdivision 4; repealing Minnesota Statutes 1988, sections 549.23 and 549.24.

Senate File No. 1827 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 1703, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1703: A bill for an act relating to natural resources; authorizing the enforcement of certain natural resource laws by conservation officers; amending Minnesota Statutes 1988, section 97A.205.

Senate File No. 1703 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 1670, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1670: A bill for an act relating to natural resources; prohibiting transportation of Eurasian water milfoil; providing exceptions; providing penalties for not removing Eurasian water milfoil from watercraft; providing penalties; amending Minnesota Statutes 1988, section 361.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 18.

Senate File No. 1670 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 1081, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1081: A bill for an act relating to courts; providing for a study by the supreme court of racial bias in the judicial system; appropriating money.

Senate File No. 1081 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 2108, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2108: A bill for an act relating to liquor; regulating the sale of liqueur-filled candy; authorizing municipalities to issue on-sale wine licenses to bed and breakfast facilities; authorizing removal of partially consumed wine bottles from licensed premises; authorizing additional licenses in the cities of Minneapolis, Brooklyn Center, and Duluth; authorizing the issuance of wine and nonintoxicating malt liquor licenses by the city of St. Paul to its parks and recreation division; authorizing the county board of Anoka county to delegate liquor licensing authority to town boards within the county; authorizing the county board of Itasca county to issue an off-sale or combination license within three miles of an incorporated area; providing for the reporting of wine licenses to the commissioner of public safety; eliminating the requirement for a vote on municipal liquor store continuance upon population change; amending Minnesota Statutes 1988, sections 31.121; 340A.101, subdivision 10; 340A.404, subdivisions 3, 5,

and by adding a subdivision; 340A.504, subdivision 1; 340A.601, subdivision 2; Minnesota Statutes 1989 Supplement, sections 340A.404, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 340A.

Senate File No. 2108 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 1674: A bill for an act relating to agriculture; providing grasshopper control; authorizing the commissioner to exempt certain lands from grasshopper control; exempting certain persons from losses relating to grasshopper control; clarifying when public utilities are subject to grasshopper control; providing for notices for control and approval of grasshopper control costs; authorizing levies; appropriating money; amending Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 18; repealing Minnesota Statutes 1989 Supplement, section 18.0226.

There has been appointed as such committee on the part of the House: Nelson, C.; Sparby; Brown; Wenzel and Girard.

Senate File No. 1674 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 2200, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2200 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 23, 1990

### **CONFERENCE COMMITTEE REPORT ON H.F. NO. 2200**

A bill for an act relating to education; starting, developing, adding to, clarifying, and financing elementary and secondary and related education

programs and services, including those relating to general education, transportation, special programs, drug prevention and other community programs, facilities, programs of cooperation, other aids and levies, rural health care, and the department of education; providing for technical rate changes; authorizing bonds and tax levies; appropriating money; amending Minnesota Statutes 1988, sections 120.062, subdivision 9, and by adding a subdivision; 121.148; 121.15, subdivisions 1 and 7; 121.88, subdivision 6; 121.882, subdivision 9, and by adding a subdivision; 121.908, subdivision 3; 121.917, subdivision 4; 122.91, by adding a subdivision; 122.93, by adding a subdivision; 122.94, subdivision 5; 123.33, subdivision 1; 123.35, by adding subdivisions; 123.3514, subdivisions 6 and 6b; 123.36, subdivision 10; 123.37, subdivision 1; 123.38, subdivisions 1 and 2b; 123.39, subdivision 6; 123.58, subdivisions 2 and 6; 123.9361; 123.947; 124.14, subdivision 7; 124.195, subdivision 10, and by adding subdivisions; 124.26, by adding a subdivision; 124.2711, subdivision 2; 124.494, by adding a subdivision; 124A.02, subdivision 1; 124A.036, subdivision 5, and by adding a subdivision; 125.12, by adding a subdivision; 125.17, by adding a subdivision; 125.185, by adding a subdivision; 125.231, subdivision 6; 125.60, subdivision 2; 126.12, subdivision 2; 126.666, subdivisions 2 and 4; 126.70, subdivision 2a; 129B.53, subdivision 3; 141.25, subdivisions 7 and 9; 181A.04, by adding a subdivision; 181A.12, subdivision 1; 275.125, subdivision 4; and 471.59, subdivision 2; Minnesota Statutes 1989 Supplement, sections 121.111, subdivisions 1 and 2; 121.15, subdivision 2; 121.612, subdivisions 3 and 5; 121.88, subdivision 9; 121.882, subdivision 2; 122.243, subdivision 2; 122.91, subdivisions 1 and 5; 122.92, subdivision 1; 122.94, subdivision 6; 122.945, subdivision 2; 123.58, subdivision 9; 124.10, subdivision 2; 124.155, subdivision 2; 124.19, subdivision 7; 124.225, subdivisions 1, 3a, and 8k; 124.26, subdivisions 7 and 8; 124.2711, subdivisions 1 and 3; 124.2713; 124.2715; 124.2721; 124.2725, subdivision 8, and by adding a subdivision; 124.38, subdivision 7; 124.573, subdivision 2d; 124.83, subdivision 6; 124.90, subdivision 2; 124A.22, subdivision 2a; 126.22, subdivisions 2 and 3; 128B.03, subdivision 4; 129.128; 141.35; 275.125, subdivisions 5c, 5e, 6h, 6i, 8b, 9a, 9b, 9c, 11d, and 18; Minnesota Statutes Second 1989 Supplement, sections 124.2442, subdivision 1; 124.83, subdivisions 1 and 4; 124A.26, subdivision 1; Laws 1959, chapter 462, section 3, subdivision 10, as renumbered, as amended; Laws 1984, chapter 463, article 6, section 15, subdivision 2; Laws 1988, chapter 718, article 6, section 23; and Laws 1989, chapter 329, article 5, section 21, subdivision 4; article 11, sections 15, subdivisions 2 and 12; 16, subdivision 2; article 12, sections 9, subdivision 5, and 11; proposing coding for new law in Minnesota Statutes, chapters 121; 122; 124; 125; 126; 129B; and 237; proposing coding for new law as Minnesota Statutes, chapter 124B; repealing Minnesota Statutes 1988, sections 121.15, subdivision 4; 124.43, subdivisions 2, 3, 4, 5, and 6; Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1.

April 22, 1990

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. 2200, 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. 2200 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 1988, section 124.17, subdivision 1b, is amended to read:

Subd. 1b. [AFDC PUPIL UNITS.] In a district in which the number of pupils from families receiving aid to families with dependent children on October 1 of the previous school year equals six percent or more of the actual pupil units in the district for the ~~same~~ *current school* year, as computed in subdivision 1, each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent. In a district in which the percent of concentration is less than six, additional pupil units may not be counted for such pupils. A pupil may not be counted as more than .6 additional pupil unit under this subdivision. The weighting in this subdivision is in addition to the weighting provided in subdivision 1.

Sec. 2. Minnesota Statutes 1988, section 124.195, is amended by adding a subdivision to read:

*Subd. 12. [AID ADJUSTMENT FOR TRA CONTRIBUTION RATE CHANGE.] (a) The department of education shall reduce general education aid or any other aid paid in a fiscal year to school districts, intermediate school districts, education districts, education cooperative service units, special education cooperatives, secondary vocational cooperatives, regional management information centers, or another district or unit providing elementary or secondary education services. The reduction shall equal the following percent of salaries paid in a fiscal year by the entity to members of the teachers retirement association established in chapter 354. However, salaries paid to members of the association who are employed by a technical college shall be excluded from this calculation:*

*(1) in fiscal year 1991, 0.84 percent,*

*(2) in fiscal year 1992 and later years, the greater of*

*(i) zero, or*

*(ii) 4.48 percent less the additional employer contribution rate established under section 354.42, subdivision 5.*

*(b) In fiscal year 1991, this reduction is estimated to equal \$14,260,000.*

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (a) The levy authorized by section 124A.23, subdivision 2, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy as a percentage of net tax capacity, the amount that will be raised by that tax capacity rate

in the first year it is to be levied, and that the tax capacity rate shall be used to finance school operations. The ballot shall designate the specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

“Shall the increase in the levy proposed by (petition to) the board of . . . . ., School District No. . . . ., be approved?”

If approved, the amount provided by the approved tax capacity rate applied to the net tax capacity for the year preceding the year the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the ~~election~~ referendum to each taxpayer at the address listed on the school district’s current year’s assessment roll, a notice of the referendum and the proposed levy increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: “In 1989 the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase. Passage of this referendum will result in an increase in your property taxes.”

(c) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to paragraph (a) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction ~~election~~ referendum may be held to revoke or reduce a levy for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) *At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within ~~30~~ 15 days after the district holds a referendum*

~~pursuant to this clause~~ *results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.*

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX CAPACITY RATE.] The general education tax capacity rate for fiscal year 1991 is 26.3 percent. Beginning in 1990, the commissioner of revenue shall establish the general education tax capacity rate and certify it to the commissioner of education by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax capacity rate shall be the rate that raises \$845,000,000 for fiscal year 1992 and \$887,000,000 for fiscal year 1993 and subsequent fiscal years. The general education tax capacity rate certified by the commissioner of revenue may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax capacity rate has been certified.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 124A.26, subdivision 1, is amended to read:

Subdivision 1. [REVENUE REDUCTION.] A district's general education revenue for a school year shall be reduced if the estimated net unappropriated operating fund balance as of June 30 in the ~~second~~ prior school year exceeds \$600 times the ~~actual fund balance~~ pupil units in the prior year. *For purposes of this subdivision only, fund balance pupil units means the number of pupil units in average daily membership enrolled in the district, including shared time pupils, according to section 124A.02, subdivision 20, and excluding pupils for whom payment is made according to section 126.22, subdivision 8, or 126.23.* The amount of the reduction shall equal the lesser of:

- (1) the amount of the excess, or
- (2) \$150 times the actual pupil units for the school year.

The final adjustment payments made under section 124.195, subdivision 6, must be adjusted to reflect actual net operating fund balances as of June 30 of the prior school year.

Sec. 6. [APPROPRIATION CANCELLATION.]

*Any excess in the general education appropriation for fiscal years 1990 and 1991 shall cancel to the general fund. Any amount canceled shall not be included in the transfer of excess appropriations under Minnesota Statutes, section 124.14, subdivision 7.*

Sec. 7. [SCHOOL DISTRICT LEVY REFERENDUM.]

*Notwithstanding Minnesota Statutes, section 124A.03, subdivision 2, independent school districts Nos. 118, Remer, 622, North St. Paul-Maplewood, and 656, Faribault, may conduct one levy referendum authorized by that section before November 1990. Only one levy referendum may be conducted in 1990 by each district.*

Sec. 8. [INSTRUCTIONS TO THE DEPARTMENT.]



*The department of education shall adjust levies certified in 1990 for the change in the fund balance pupil units in section 5.*

Sec. 9. [EFFECTIVE DATE.]

*Section 6 is effective the day following final enactment. Section 7 is effective the day after the governing bodies of independent school districts Nos. 118, Remer, 622, North St. Paul-Maplewood, and 656, Faribault, comply with Minnesota Statutes, section 645.021, subdivision 3.*

## ARTICLE 2

### TRANSPORTATION

Section 1. Minnesota Statutes 1988, 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 (4)~~ subdivision 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 1988, section 123.39, subdivision 1, is amended

to read:

Subdivision 1. The board may provide for the transportation of pupils to and from school; and for any other purpose for which aid is authorized under section 124.223 or for which levies are authorized under section 275.125. The board may also provide for the transportation of pupils 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. 3. Minnesota Statutes 1988, section 123.39, is amended by adding a subdivision to read:

*Subd. 8e. School districts may provide bus transportation along school bus routes established to provide nonregular transportation as defined in section 124.225, subdivision 1, paragraph (e)(2)(ii), when space is available, for pupils attending programs at an area learning center. The transportation is only permitted between schools and if it does not increase the district's expenditures for transportation. The cost of these services shall be considered part of the authorized cost for nonregular transportation for the purpose of section 124.225.*

Sec. 4. Minnesota Statutes 1989 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 listed in this section-**

(+) *Subdivision 1. [TO AND FROM SCHOOL; BETWEEN SCHOOLS.]*  
 (a) State transportation aid is authorized for transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to and from schools the resident pupils attend according to a program approved by the commissioner of education, or between the schools the resident pupils attend for instructional classes; transportation of resident elementary pupils who reside one mile or more

from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79; transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school.

(b) For the purposes of ~~clause (1)~~ *this subdivision*, a district may designate a licensed day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian and if that facility or residence is within the attendance area of the school the pupil attends.

(c) State transportation aid is authorized for transportation to and from school of an elementary pupil who moves during the school year within an area designated by the district as a mobility zone, but only for the remainder of the school year. The attendance areas of schools in a mobility zone must be contiguous. To be in a mobility zone, a school must meet both of the following requirements:

(i) more than 50 percent of the pupils enrolled in the school are eligible for free or reduced school lunch; and

(ii) the pupil withdrawal rate for the last year is more than 12 percent.

(d) A pupil withdrawal rate is determined by dividing:

(i) the sum of the number of pupils who withdraw from the school, during the school year, and the number of pupils enrolled in the school as a result of transportation provided under this paragraph, by

(ii) the number of pupils enrolled in the school.

(e) The district may establish eligibility requirements for individual pupils to receive transportation in the mobility zone.

~~(2)~~ *Subd. 2. [OUTSIDE DISTRICT.]* State transportation aid is authorized for 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)~~ *Subd. 3. [SECONDARY VOCATIONAL CENTERS.]* State transportation aid is authorized for 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)~~ *Subd. 4. [HANDICAPPED.]* State transportation aid is authorized for 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 or a respite care facility 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 or a respite care facility and school shall not be subject to any distance requirement for children not yet enrolled in kindergarten or to the requirement in ~~clause (1)~~ *subdivision 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)~~ *Subd. 5.* [BOARD AND LODGING; NONRESIDENT HANDICAPPED.] State transportation aid is authorized for, when necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes.

~~(6)~~ *Subd. 6.* [SHARED TIME.] State transportation aid is authorized for transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs, 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)~~ *Subd. 7.* [FARIBAULT STATE ACADEMIES.] State transportation aid is authorized for transportation for residents to and from the Minnesota state academy for the deaf or the Minnesota state academy for the blind.

~~(8)~~ *Subd. 8.* [SUMMER INSTRUCTIONAL PROGRAMS.] State transportation aid is authorized for services described in ~~clauses (1) to (7), (9), and (10)~~ *subdivisions 1 to 7, 9, and 10* when provided in conjunction with a summer program that meets the requirements of section 124A.27, subdivision 9.

~~(9)~~ *Subd. 9.* [COOPERATIVE ACADEMIC AND VOCATIONAL.] State transportation aid is authorized for transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes or secondary vocational classes not provided at a secondary vocational center for resident pupils of any of these districts.

~~(10)~~ *Subd. 10.* [NONPUBLIC SUPPORT SERVICES.] State transportation aid is authorized for 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 1989 Supplement, section 124.225, subdivision 1, is amended to read:

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

(a) "FTE" means a transported full-time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in paragraph (e), clause (1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of

12-1/2 percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

(4) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.44, subdivision 15, which were purchased after July 1, 1982, for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Adjusted authorized predicted cost per FTE" means the authorized cost predicted by a multiple regression formula determined by the department of education and adjusted pursuant to subdivision 7a.

(d) "Regular transportation allowance" for the 1989-1990 school year means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.

(e) For purposes of this section, "transportation category" means a category of transportation service provided to pupils:

(1) regular transportation is transportation services provided during the regular school year under section 124.223, ~~clauses (1) subdivisions 1 and (2) 2~~, excluding the following transportation services provided under section 124.223, ~~clause (1) subdivision 1~~: transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions; late transportation home from school for pupils involved in after school activities; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and transportation of elementary pupils to and from school within a mobility zone;

(2) nonregular transportation is transportation services provided under section 124.223, ~~clause (1) subdivision 1~~, that are excluded from the regular category, and transportation services provided under section 124.223, ~~clauses (3), (4), (5), (6), (7), (8), (9), and (10) subdivisions 3, 4, 5, 6, 7, 8, 9, and 10~~;

(3) excess transportation is transportation to and from school for secondary pupils residing at least one mile but less than two miles from the public school they could attend or from the nonpublic school actually attended, and transportation to and from school for pupils residing less than one mile from school who are transported because of extraordinary traffic, *drug, or crime hazards*; and

(4) desegregation transportation is transportation of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

(f) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

(g) "Current year" means the school year for which aid will be paid.

(h) "Base year" means the second school year preceding the school year for which aid will be paid.

(i) "Base cost" for the 1986-1987 and 1987-1988 base years means the ratio of:

(1) the sum of:

(i) the authorized cost in the base year for regular transportation as defined in clause (b), plus

(ii) the actual cost in the base year for excess transportation as defined in paragraph (e), clause (3),

(2) to the sum of:

(i) the number of FTE pupils transported in the regular category in the base year, plus

(ii) the number of FTE pupils transported in the excess category in the base year.

(j) Base cost for the 1988-1989 base year and later years means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in clause (b) plus the actual cost in the base year for excess transportation as defined in clause (e);

(2) to the sum of the number of weighted FTE pupils transported in the regular and excess categories in the base year.

(k) "Predicted base cost" for the 1986-1987 and 1987-1988 base years means the base cost as predicted by subdivision 3.

(l) "Predicted base cost" for the 1988-1989 base year and later years means the predicted base cost as computed in subdivision 3a.

(m) "Pupil weighting factor" for the excess transportation category for a school district means the lesser of one, or the result of the following computation:

(1) divide the square mile area of the school district by the number of FTE pupils transported in the regular and excess categories in the base year;

(2) raise the result in clause (1) to the one-fifth power;

(3) divide four-tenths by the result in clause (2).

The pupil weighting factor for the regular transportation category is one.

(n) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(o) "Sparsity index" for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum of the number of weighted FTE's transported by the district in the regular and excess categories in the base year.

(p) "Density index" for a school district means the greater of one or the result obtained by subtracting the product of the district's sparsity index times 20 from two.

(q) "Contract transportation index" for a school district means the greater

of one or the result of the following computation:

- (1) multiply the district's sparsity index by 20;
- (2) select the *greater lesser* of one or the result in clause (1);
- (3) multiply the district's percentage of regular FTE's transported using vehicles that are not owned by the school district by the result in clause (2).

(r) "Adjusted predicted base cost" for the 1988-1989 base year and after means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

(s) "Regular transportation allowance" for the 1990-1991 school year and after means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

(t) "Minimum regular transportation allowance" for the 1990-1991 school year and after means the result of the following computation:

(1) compute the sum of the district's basic transportation aid for the 1989-1990 school year according to subdivision 8a and the district's excess transportation levy for the 1989-1990 school year according to section 275.125, subdivision 5e, clause (a);

(2) divide the result in clause (1) by the sum of the number of weighted FTE's transported by the district in the regular and excess transportation categories in the 1989-1990 school year;

(3) select the lesser of the result in clause (2) or the district's base cost for the 1989-1990 base year according to paragraph (j).

Sec. 6. Minnesota Statutes 1989 Supplement, section 124.225, subdivision 3a, is amended to read:

Subd. 3a. [PREDICTED BASE COST.] A district's predicted base cost for the 1988-1989 base year and later years equals the result of the following computation:

(a) Multiply the transportation formula allowance by the district's sparsity index raised to the one-fourth power. The transportation formula allowance is \$406 for the 1988-1989 base year and \$421 for the 1989-1990 base year.

(b) Multiply the result in clause (a) by the district's density index raised to the 35/100 power.

(c) Multiply the result in clause (b) by the district's contract transportation index raised to the 1/20 power.

Sec. 7. Minnesota Statutes 1989 Supplement, section 124.225, subdivision 8k, is amended to read:

Subd. 8k. [CONTRACTED SERVICES AID REDUCTION.] (a) Each year, a district's transportation aid shall be reduced according to the provisions of this subdivision, if the district contracted for some or all of the transportation services provided in the regular category.

(b) For the 1988-1989 and 1989-1990 school years, the department of education shall compute this subtraction by conducting the multiple regression analysis specified in subdivision 3 and computing the district's aid under two circumstances, once including the coefficient of the factor specified in subdivision 4b, clause (3), and once excluding the coefficient of

that factor. The aid subtraction shall equal the difference between the district's aid computed under these two circumstances.

(c) For 1990-1991 and later school years, the department of education shall determine the subtraction by computing the district's regular transportation revenue, *excluding revenue based on the minimum regular transportation allowance*, under two circumstances, once including the factor specified in subdivision 3a, clause (c), and once excluding the factor. The aid subtraction equals the difference between the district's revenue computed under the two circumstances.

Sec. 8. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 5e, is amended to read:

Subd. 5e. [EXCESS TRANSPORTATION LEVY.] A school district may make a levy for excess transportation costs according to this subdivision. The amount of the levy shall be the result of the following computation:

(a) Multiply the lesser of (1) the regular transportation allowance for the fiscal year to which the levy is attributable, or (2) the base cost for the fiscal year to which the levy is attributable, by the number of weighted FTE pupils transported in the excess category in the district in the current school year.

(b) Add to the result in paragraph (a) the actual cost in the fiscal year to which the levy is attributable of other related services that are necessary because of extraordinary traffic, *drug, or crime* hazards.

Sec. 9. Minnesota Statutes 1988, section 275.125, is amended by adding a subdivision to read:

*Subd. 5h. [TRANSPORTATION LEVY FOR POST-SECONDARY AGREEMENTS.] A school district may levy an amount equal to the actual cost of transportation of secondary pupils enrolled in courses provided under an agreement authorized by section 123.33, subdivision 7, to and from a pupil's home and a secondary school or a post-secondary institution, between a secondary school and a post-secondary institution, or between post-secondary institutions.*

### ARTICLE 3

#### SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1988, section 121.88, subdivision 6, is amended to read:

Subd. 6. [PROGRAMS FOR ~~HANDICAPPED~~ ADULTS WITH DISABILITIES.] A school board may offer, as part of a community education program, a program for ~~handicapped~~ adults with disabilities. Boards are encouraged to offer programs cooperatively with other districts and organizations. Programs may not be limited to district residents. Programs may include:

- (1) services enabling the adults to participate in community activities or community education classes;
- (2) classes specifically for ~~handicapped~~ adults with disabilities;
- (3) outreach activities to identify adults needing service;
- (4) activities to increase public awareness of the roles of ~~handicapped~~ people with disabilities;



(5) activities to enhance the role of ~~handicapped~~ people *with disabilities* in the community; and

(6) other direct and indirect services and activities benefiting ~~handi-~~  
~~eapped~~ adults *with disabilities*.

Sec. 2. Minnesota Statutes 1989 Supplement, section 124.19, subdivision 7, is amended to read:

Subd. 7. [ALTERNATIVE PROGRAMS.] (a) This subdivision applies to an alternative program that has been approved by the state board of education pursuant to Minnesota Rules, part 3500.3500, as exempt from Minnesota Rules, part 3500.1500, requiring a school day to be at least six hours in duration.

(b) To receive general education revenue for a pupil in an alternative program, a school district must meet the requirements in this paragraph. The program must be approved by the commissioner of education. In approving a program, the commissioner may use the process used for approving state designated area learning centers under section 129B.56.

(c) In addition to the requirements in paragraph (b), to receive general education revenue for a pupil in an alternative program that has an independent study component, a school district must meet the requirements in this paragraph.

~~For a course having an independent study component, the pupil must complete coursework and receive credit for each course for which the aid is claimed.~~

The school district must develop with the pupil a continual learning plan for the pupil. A district must allow a minor pupil's parent or guardian to participate in developing the plan, if the parent or guardian wants to participate. The plan must identify the learning experiences and expected outcomes needed for satisfactory credit for the year and for graduation. The plan must be updated each year.

General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full school year, or its equivalent.

General education revenue for a pupil in an approved alternative program that has an independent study component must be ~~prorated for a pupil receiving fewer than six credits in a year paid for each hour of teacher contact time and each hour of independent study time completed toward a credit necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020 hours, but not more than one, except as otherwise provided in section 121.585.~~

For an alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

~~A credit for a year in an approved alternative program shall, for the purposes of audit, be considered to be 170 hours of teacher contact time and independent study time.~~

Sec. 3. Minnesota Statutes 1989 Supplement, section 124.573, subdivision 2d, is amended to read:

Subd. 2d. [ADMINISTRATION.] In making the computation in subdivision 2b, paragraph (a), clause (1), the salaries of ~~the administrator and administrators~~, support service ~~facilitator~~ *facilitators*, *vocational evaluators*, *supplemental support staff*, and *technical tutors* must be apportioned among programs based on the number of full-time-equivalent instructors in each program.

Sec. 4. Minnesota Statutes 1989 Supplement, section 124.86, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Each year each American Indian-controlled contract *or grant* school authorized by the United States Code, title 25, section 450f, that is located on a reservation within the state is eligible to receive tribal contract school aid subject to the requirements in this subdivision.

(a) The school must plan, conduct, and administer an education program that complies with the requirements of chapters 120, 121, 122, 123, 124, 124A, 125, 126, 129, 129A, and 129B.

(b) The school must comply with all other state statutes governing independent school districts.

(c) The state tribal contract *or grant* school aid must be used to supplement, and not to replace, the money for American Indian education programs provided by the federal government.

Sec. 5. Minnesota Statutes 1989 Supplement, section 124.86, subdivision 2, is amended to read:

Subd. 2. [REVENUE AMOUNT.] ~~For 1989-1990 and later school years,~~ An American Indian-controlled contract *or grant* school that is located on a reservation within the state and that complies with the requirements in subdivision 1 is eligible to receive tribal contract *or grant* school aid. The amount of aid is derived by:

(1) multiplying the formula allowance under section 124A.22, subdivision 2, times the *difference between (a) the actual pupil units as defined in section 124A.02, subdivision 15, in attendance during the fall count week, but not including pupil units for which the school has received reimbursement under sections 123.933 and 126.23 for the school for the current school year and (b) the number of pupils for the current school year, weighted according to section 124.17, subdivision 1, receiving benefits under section 123.933 or 123.935 or for which the school is receiving reimbursement under section 126.23;*

(2) subtracting from the result in clause (1) the amount of money allotted to the school by the federal government through the Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39, 11, b *for the base rate as applied to kindergarten through twelfth grade, excluding additional weighting*, but not money allotted through subparts F to L for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount of money that is received according to section 126.23;

(3) dividing the result in clause (2) by the actual pupil units; and

(4) multiplying the actual pupil units by the lesser of \$1,500 or the result in clause (3).

Sec. 6. Minnesota Statutes 1989 Supplement, section 124.90, is amended by adding a subdivision to read:

*Subd 4. [PRIVATE INSURERS.] A school district may enroll as a provider for insurance companies to provide covered special education services to eligible persons. To receive payments, the district must comply with relevant state and federal statutes. A district may contract for services, and may contract with a third party agency to assist in administering and billing for these services.*

Sec. 7. Minnesota Statutes 1988, section 124A.036, subdivision 5, is amended to read:

*Subd. 5. [ALTERNATIVE ATTENDANCE PROGRAMS.] The general education aid for districts must be adjusted for each pupil, excluding a handicapped pupil as defined in section 120.03 or a nonhandicapped pupil as defined by section 120.181, attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55. The adjustments must be made according to this subdivision.*

(a) General education aid paid to a resident district must be reduced by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision shall be increased by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) The district of residence shall pay tuition to a district 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.

(e) *An area learning center operated by an educational cooperative service unit, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge tuition for nonhandicapped pupils rather than to calculate general education aid adjustments under clause (a), (b), or (c). The tuition must be equal to the average general education revenue per pupil unit attributable to the student, or the average per pupil cost of operating the area learning center, whichever is less.*

Sec. 8. Minnesota Statutes 1989 Supplement, section 128B.03, subdivision 4, is amended to read:

Subd. 4. [DISTRICT 309 FEDERAL AID.] (a) The school board of independent school district No. 309 must transfer to the council, to the extent permissible, any federal aids or grants which the school district is eligible for or entitled to because of:

- (1) the population in the experimental school attendance area;
- (2) the pupils actually attending the experimental school;
- (3) the program of the experimental school;
- (4) the boundaries of the attendance area of the experimental school; or
- (5) a related reason.

*(b) For the sole purpose of receiving federal impact aid, the experimental school on the land comprising the former independent school district No. 25 is a local education agency, according to Code of Federal Regulations, title 34, section 222.80. The school and the land must not be included, for the purpose of determining federal impact aid, in independent school district No. 309.*

Sec. 9. Minnesota Statutes 1988, section 141.25, subdivision 7, is amended to read:

Subd. 7. [MINIMUM STANDARDS.] No license shall be issued unless the commissioner first determines:

(a) That the applicant has a sound financial condition with sufficient resources available to meet the school's financial obligations; to refund all tuition and other charges, within a reasonable period of time, in the event of dissolution of the school or in the event of any justifiable claims for refund against the school by the student body; to provide adequate service to its students and prospective students; and for the proper use and support of the school to be maintained;

(b) That the applicant has satisfactory training facilities with sufficient tools and equipment and the necessary number of work stations to train adequately the students currently enrolled, and those proposed to be enrolled;

(c) That the applicant employs a sufficient number of qualified instructors trained by experience and education to give the training contemplated;

(d) That the premises and conditions under which the students work and study are sanitary, healthful, and safe, according to modern standards;

(e) That each occupational course or program of instruction or study shall be of such quality and content as to provide education and training which will adequately prepare enrolled students for entry level positions in the occupation for which trained;

(f) That the living quarters which are owned, maintained, or approved by the applicant for students are sanitary and safe;

(g) That the contract or enrollment agreement used by the school complies with the following provisions:

- (1) The name and address of the school must be clearly stated;
- (2) Inclusion of a clear and conspicuous disclosure that such agreement

becomes a legally binding instrument upon written acceptance of the student by the school unless canceled pursuant to section 141.271;

(3) Must contain the school's cancellation and refund policy which shall be clearly and conspicuously entitled, "Buyer's Right to Cancel";

(4) The total cost of the course including tuition and all other charges shall be clearly stated;

(5) The name and description of the course, including the number of hours or credits of classroom instruction and/or home study lessons shall be included;

(6) No contract or agreement shall contain a wage assignment provision and/or a confession of judgment clause;

(7) Each contract or enrollment agreement shall contain a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date of cancellation, and the name and address of the seller to which the notice should be sent or delivered.

Sec. 10. Minnesota Statutes 1988, section 141.25, subdivision 9, is amended to read:

Subd. 9. [CATALOG OR BROCHURE.] Before a license is issued to a school, other than one which offers exclusively a correspondence course of instruction, the school shall furnish to the commissioner a catalog or brochure containing the following:

- (1) identifying data, such as volume number and date of publication;
- (2) name and address of the school and its governing body and officials;
- (3) a calendar of the school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;
- (4) school policy and regulations on enrollment including dates and specific entrance requirements for each course;
- (5) school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;
- (6) school policy and regulations about standards of progress for the student including the grading system of the school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the school, and conditions of reenrance for those dismissed for unsatisfactory progress;
- (7) school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;
- (8) detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;
- (9) policy and regulations, including an explanation of section 141.271, about refunding tuition, fees, and other charges if the student does not enter the course, withdraws, or is discontinued;
- (10) a description of the available facilities and equipment;
- (11) a course outline for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and

approximate time, *hours*, or *credits* to be spent on each subject or unit; and

(12) policy and regulations about granting credit for previous education and training.

Sec. 11. Minnesota Statutes 1989 Supplement, section 141.35, is amended to read:

141.35 [EXEMPTIONS.]

None of the provisions of sections 141.21 to 141.36 shall apply to the following:

(a) Colleges authorized by the laws of Minnesota or of any other state or foreign country to grant degrees;

(b) Schools of nursing accredited by the state board of nursing or an equivalent public board of another state or foreign country;

(c) Public schools as defined in section 120.05;

(d) Private schools complying with the requirements of section 120.10, subdivision 2;

(e) Private and parochial nonprofit schools exempt from taxation under the constitution of Minnesota;

(f) Courses taught to students in a valid apprenticeship program taught by or required by a trade union;

(g) Schools exclusively engaged in training physically or mentally handicapped persons for the state of Minnesota;

(h) Schools now or hereafter licensed by boards authorized under Minnesota law to issue such licenses;

(i) Schools and educational programs, or training programs, conducted by persons, firms, corporations, or associations, for the training of their own employees, for which no fee is charged the employee;

(j) Schools engaged exclusively in the teaching of purely avocational or recreational, or remedial subjects as determined by the commissioner. Private schools teaching a method or procedure to increase the speed with which a student reads are not within this exemption;

(k) Driver training schools and instructors as defined in section 171.33, subdivisions 1 and 2;

(l) Classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;

(m) Courses of instruction in the fine arts provided by organizations exempt from taxation pursuant to section 290.05 and registered with the attorney general pursuant to chapter 309. "Fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the commissioner may seek the advice and recommendation of the Minnesota board of the arts;

(n) Classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, which classes, courses, or programs have been approved by a legislatively or

judicially established board or agency responsible for regulating the practice of the profession, and which are offered primarily to a person who currently practices the profession-:

(o) *Classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;*

(p) *Classes, courses, or programs of a seminar nature providing 16 or fewer hours of instruction that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment;*

(q) *Classes, courses, or programs of a seminar nature providing instruction in personal development, modeling, or acting; and*

(r) *Training or instructional programs, in which one instructor teaches an individual student, that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment.*

## Sec. 12. [ALTERNATIVE DELIVERY OF SPECIALIZED INSTRUCTIONAL SERVICES.]

*Subdivision 1. [COMMISSIONER APPROVAL.] The commissioner of education may approve education proposals from independent school district No. 625, St. Paul, and up to nine additional school districts to provide prevention services as an alternative to special education and other compensatory programs during the 1990-1991, 1991-1992, and 1992-1993 school years. A district with an approved program may, on a pilot basis, provide instruction and services in the regular education classroom to eligible pupils. Pupils eligible to participate in the program are those low-performing pupils who, based on documented experience or the professional judgment of a classroom teacher or a team of licensed professionals, would eventually qualify for special education instruction or related services under Minnesota Statutes, section 120.17 if the intervention services authorized by this section were unavailable. Pupils may be provided services during extended school days and throughout the entire year.*

*Subd. 2. [PROPOSAL CONTENTS.] The proposal must set forth:*

*(1) the instructional services available to eligible pupils under Minnesota Statutes, section 124.311, subdivision 3, and handicapped pupils under Minnesota Statutes, section 120.03;*

*(2) the criteria to select pupils for the program and the assessment procedures to determine eligibility;*

*(3) the methods to involve parents or guardians of pupils and parent or community special education advocates in the program;*

*(4) the accounting procedures to document that federal special education money is used to supplement or increase the level of special education instruction and related services provided with state and local revenue, but in no case to supplant that state and local revenue, and that districts are expending at least the amount for special education instruction and related services required by federal law;*

*(5) the role of regular and special education teachers in planning and implementing the program;*

*(6) the review and evaluation procedures to be used by the district to address at least the following:*

- (i) the number of handicapped and nonhandicapped pupils served;*
- (ii) the impact of the program on the academic progress and social adjustment of the pupils;*
- (iii) the level of satisfaction teachers, parents, and pupils have with the program;*
- (iv) the effect of the program on the number of referrals for special education, chapter 1, and other categorical programs;*
- (v) the amount of time spent by teachers on procedural activities;*
- (vi) the increase in the amount of time the pupil is in a regular education classroom; and*
- (vii) cost implications; and*
- (7) any other information requested by the commissioner.*

*Subd. 3. [REVIEW FOR EXCESS EXPENDITURES.] The commissioner shall review each proposal to determine whether the personnel, equipment, supplies, residential aid, and summer school are necessary to meet the district's obligation to provide special instruction and services to handicapped children according to Minnesota Statutes, section 120.17. The commissioner shall not approve aid for any expenditures determined to be unnecessary.*

*Subd. 4. [ANNUAL REPORT.] Each year the district must submit to the commissioner a report containing the information described in Minnesota Statutes, section 124.311, subdivision 7, and in subdivision 2, clause (6).*

*Subd. 5. [RULE WAIVER.] The commissioner shall report to the education committees of the legislature any rule the state board of education is requested to waive and the disposition of the request.*

*Subd. 6. [PUPILS' RIGHTS.] Any pupil participating in this program must be individually evaluated based upon the pupil's actual abilities and needs. A pupil who is eligible for services under Minnesota Statutes, section 120.17 is entitled to procedural protections similar to those procedural protections provided under Public Law Number 94-142 in any matter that affects the identification, evaluation, placement, or change in placement of a pupil. A participating district must ensure the protection of a pupil's civil rights, provide equal educational opportunities, and prohibit discrimination. Failure to comply with this subdivision will at least cause a district to become ineligible to participate in this program. Notwithstanding Minnesota Statutes, section 121.11, subdivision 12, a pupil's rights under this section cannot be waived by the state board of education.*

*Subd. 7. [REVENUE AVAILABLE.] For fiscal year 1991, a district with an approved program shall receive the sum of the revenue it received for fiscal year 1990 for its special education program under Minnesota Statutes, sections 124.32, subdivisions 1b, 2, 5, and 10, and 275.125, subdivision 8c, multiplied by 1.03. For each of fiscal years 1992 and 1993, the amount to be paid to a district with an approved program shall be the amount paid for the previous fiscal year multiplied by 1.03.*

*For fiscal years 1991, 1992, and 1993, the ratio of aid payments for special education under Minnesota Statutes, section 124.32, subdivisions 1b, 2, 5, and 10, to the levy for special education salaries under Minnesota Statutes, section 275.125, subdivision 8c, shall be equal to the ratio for*



fiscal year 1990.

*For fiscal year 1991, aid for a district with an approved program shall not be prorated.*

*For fiscal years 1991, 1992, and 1993, the state shall not pay a district with an approved program any aid under Minnesota Statutes, section 124.32, subdivisions 1b, 2, 5, and 10, and the district may not levy under Minnesota Statutes, section 275.125, subdivision 8c, except for secondary vocational handicapped teacher salaries, limited English proficiency teacher salaries, deficiencies, and other adjustments.*

*Revenue under this subdivision shall be available only for the purposes of this section.*

Sec. 13. [INSTRUCTION TO REVISOR.]

*The revisor of statutes is directed to change the phrase "handicapped adults" wherever it appears in the education code to "adults with disabilities."*

Sec. 14. [EFFECTIVE DATES.]

*Sections 2, 4, and 8 are retroactively effective July 1, 1989. Sections 6, 9, 10, 11, and 12 are effective the day following final enactment. Section 5 is effective the day following final enactment, except that the subtraction in clause (1)(b)), is effective July 1, 1990.*

ARTICLE 4

DRUG PREVENTION AND OTHER COMMUNITY PROGRAMS

Section 1. Minnesota Statutes 1988, section 121.882, subdivision 9, is amended to read:

Subd. 9. [ASSISTANCE.] The department of education shall provide assistance to districts with programs described in this section. *The department must establish guidelines that list barriers to learning and development affecting children served by early childhood family education programs.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 121.912, subdivision 1b, is amended to read:

Subd. 1b. [TRA AND FICA TRANSFER.] (a) Notwithstanding subdivision 1, a district shall transfer money from the general fund to the community ~~education~~ service fund for the employer contributions for teacher retirement and FICA ~~obligations attributable to community education programs~~ for employees who are members of a teacher retirement association and who are paid from the community service fund.

(b) A district shall not transfer money under paragraph (a) for employees who are paid with money other than normal operating funds, as defined in section 354.05, subdivision 27.

Sec. 3. Minnesota Statutes 1988, section 124.261, is amended to read:

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 1.35 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 age 21 or over may not be used in the computation of pupil units under section 124.17, subdivision 1, counted by the district for any purpose other than the computation of adult high school graduation aid.~~

Sec. 4. Minnesota Statutes 1989 Supplement, section 126.22, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE PUPILS.] The following pupils are eligible to participate in the high school graduation incentives program:

(a) any pupil who is between the ages of 12 and 16, *except as indicated in clause (6)*, and who:

(1) is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test; or

(2) is at least one year behind in *satisfactorily completing coursework or obtaining credits for graduation*; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been excluded or expelled according to sections 127.26 to 127.39; or

(6) *is between the ages of 12 and 21 and has been referred by a school district for enrollment in an eligible program or a program pursuant to section 126.23*; or

(b) any pupil who is between the ages of 16 and 19 who is attending school, and who is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent; or

(c) any person between 16 and 21 years of age who has not attended a high school program for at least 15 consecutive school days, excluding those days when school is not in session, and who is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent; or

(d) any person who is at least 21 years of age and who:

(1) has received ~~less~~ fewer than 14 years of public or nonpublic education, beginning at age 5;

(2) has already completed the studies ordinarily required in the 10th grade but has not completed the requirements for a high school diploma or the equivalent; and

(3) at the time of application, (i) is eligible for unemployment compensation benefits or has exhausted the benefits, (ii) is eligible for or is receiving income maintenance and support services, as defined in section 268.0111, subdivision 5, or (iii) is eligible for services under the displaced homemaker program, state wage-subsidy program, or any programs under the federal Jobs Training Partnership Act or its successor.

Notwithstanding section 127.27, subdivision 7, the provisions of section 127.29, subdivision 1, do not apply to a pupil under age 21 who participates in the high school graduation incentives program.

*(e) An elementary school pupil who is determined by the district of attendance to be at risk of not succeeding in school is eligible to participate in the program.*

Sec. 5. Minnesota Statutes 1989 Supplement, section 126.22, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] (a) A pupil who is eligible according to subdivision 2, clause (a), (b), (c), ~~or~~ (d), *or* (e) may enroll in any program approved by the state board of education under Minnesota Rules, part 3500.3500, ~~including~~ *or* area learning centers under sections 129B.52 to 129B.55, or according to section 121.11, subdivision 12.

(b) A pupil who is eligible according to subdivision 2, clause (b), (c), or (d), may enroll in post-secondary courses under section 123.3514.

(c) A pupil who is eligible under subdivision 2, clause (a), (b), (c), ~~or~~ (d), *or* (e) may enroll in any public *elementary or* secondary education program. However, a person who is eligible according to subdivision 2, clause (d), may enroll only if the school board has adopted a resolution approving the enrollment.

(d) A pupil who is eligible under subdivision 2, clause (a), (b), ~~or~~ (c), *or* (e) may enroll *part time or full time* in any nonprofit, nonpublic, non-sectarian school that has contracted with the school district of residence to provide educational services.

(e) 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. 6. Minnesota Statutes 1989 Supplement, section 126.22, subdivision 8, is amended to read:

Subd. 8. [ENROLLMENT VERIFICATION.] *For a pupil attending an eligible ~~programs~~ program full time under subdivision 3, paragraph (d), the department of education shall pay 85 percent of the basic revenue of the district to the eligible program and 15 percent of the basic revenue to the resident district within 30 days after the eligible program verifies enrollment verification. The department of education shall provide a form for the eligible program to use for enrollment verification using the form provided by the department. For a pupil attending an eligible program part time, basic revenue shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the resident district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made for a pupil under this subdivision, a school district shall not reimburse a program under section 126.23 for the same pupil.*

Sec. 7. Minnesota Statutes 1989 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 dropouts or other eligible students~~

*pupils* under section 126.22, subdivision 2, the resident district must reimburse the provider an amount equal to at least 85 percent of the basic revenue of the district for each pupil attending the program full time. For a pupil attending the program part time, basic revenue paid to the program shall be reduced proportionately, according to the amount of time the pupil attends the program, and basic revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made to a district or program for a pupil under this section, the department of education shall not make a payment for the same pupil under section 126.22, subdivision 8.

Sec. 8. Minnesota Statutes 1988, section 126.70, subdivision 2a, is amended to read:

Subd. 2a. [PERMITTED USES.] A school board may approve a plan for any of the following purposes:

(1) for in-service education to increase the effectiveness of teachers in responding to children and young people at risk of not succeeding at school;

(2) to participate in the educational effectiveness program according to section 121.609;

~~(2)~~ (3) to provide in-service education for elementary and secondary teachers to improve the use of technology in education;

~~(3)~~ (4) to provide subject area in-service education emphasizing the academic content of curricular areas determined by the district to be a priority area;

~~(4)~~ (5) to use experienced teachers, as mentors, to assist in the continued development of new teachers;

~~(5)~~ (6) to increase the involvement of parents, business, and the community in education, including training teachers to plan and implement parental involvement programs that will more fully involve parents in their children's learning development;

~~(6)~~ (7) for experimental delivery systems;

~~(7)~~ (8) for in-service education to increase the effectiveness of principals and administrators;

~~(8)~~ (9) for in-service education or curriculum development for programs for gifted and talented pupils;

~~(9)~~ (10) for in-service education or curriculum development for cooperative efforts to increase curriculum offerings;

~~(10)~~ (11) for improving curriculum, according to the needs identified under the planning, evaluation, and reporting process set forth in section 126.666;

~~(11)~~ (12) for in-service education and curriculum development designed to promote sex equity in all aspects of education, with emphasis on curricular areas such as mathematics, science, and technology programs;

~~(12)~~ (13) for in-service education or curriculum modification for handicapped pupils and low-achieving pupils;

~~(13)~~ (14) for short-term contracts as described in section 126.72; or

(14) (15) to employ teachers for an extended year to perform duties directly related to improving curriculum or teaching skills.

Sec. 9. Laws 1989, chapter 329, article 4, section 19, subdivision 2, is amended to read:

Subd. 2. [ADULT BASIC EDUCATION AID.] For adult basic education aid according to Minnesota Statutes, section 124.26:

\$4,780,000 . . . . . 1990

\$5,043,000 . . . . . 1991

The 1990 appropriation includes \$638,000 for 1989 and \$4,142,000 for 1990.

The 1991 appropriation includes \$731,000 for 1990 and \$4,312,000 for 1991.

Up to \$235,000 in 1990 and \$250,000 in 1991 may be used for contracts with private, nonprofit organizations for approved programs.

*Up to \$50,000 in 1991 may be used for small grants to adult basic education providers, including private nonprofit organizations providing basic education services, to fund service delivery projects that are ineligible for funding as approved programs. Projects may include developing innovative curriculum for adult learners or meeting adult learners' needs for child care and transportation services.*

Sec. 10. Laws 1989, chapter 329, article 4, section 19, subdivision 5, is amended to read:

Subd. 5. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid according to Minnesota Statutes, section 124.2711:

~~\$9,635,000~~ \$9,742,000 . . . . . 1990

\$10,262,000 . . . . . 1991

The 1990 appropriation includes \$1,235,000 for 1989 and ~~\$8,400,000~~ \$8,507,000 for 1990.

The 1991 appropriation includes \$1,484,000 for 1990 and \$8,778,000 for 1991.

Sec. 11. [EXPANDED ECFE PROGRAM.]

*Subdivision 1. [ESTABLISHMENT.] A grant program for fiscal year 1991 is established to develop expanded early childhood family education programs that effectively integrate the roles of families, regular classroom teachers, and community-based social service agencies. Notwithstanding the direction to serve children in the period of life from birth to kindergarten contained in Minnesota Statutes, section 121.882, the expanded programs shall be for children who are in kindergarten through grade 3 and their families who require:*

*(1) basic knowledge about the physical, mental, emotional, or educational development of their children;*

*(2) basic skills to provide for their children's learning and development;*

*(3) self-esteem; or*

*(4) information about availability or access to community-based social*

*service agencies.*

*Subd. 2. [ELIGIBILITY.] An applicant for a grant must be a school district, an education district, or districts that cooperate for a particular purpose. To be eligible for a grant, a district or districts must meet all of the following criteria:*

*(1) have operated an early childhood family education program, according to Minnesota Statutes, section 121.882, for at least two years before applying for the grant;*

*(2) include families described in subdivision 1 in the early childhood family education programs of the district or districts; and*

*(3) ensure that families participating in the early childhood family education program reflect the demographic composition of the district or districts.*

*Subd. 3. [APPLICATION PROCESS.] To obtain a grant to expand an existing early childhood family education program, a district or districts must submit an application to the commissioner of education in the form and manner established by the commissioner. The application must describe how the applicant will integrate the roles of families, regular classroom teachers, and community-based social service agencies and what resources will be available to continue the program if it is found to be effective. The commissioner may require additional information from an applicant.*

*Subd. 4. [REVIEWING APPLICATIONS.] When reviewing applications, the commissioner shall determine whether all of the requirements in subdivision 2 are met. The commissioner may also use the following criteria when reviewing applications:*

*(1) the location of the proposed program;*

*(2) the number of children and families who would receive services;*

*(3) days and times that programs would be available, including after school, evenings, and weekends; and*

*(4) willingness of the district to provide information about the program to other districts and organizations.*

*Subd. 5. [GRANT AWARDS.] The commissioner may award up to ten grants. Grant recipients must be located throughout the state. The amount of a grant shall be based on the number of children and families expected to participate in the program.*

*Subd. 6. [PROCEEDS OF GRANTS.] Grant money shall be used to implement the expanded early childhood family education programs. At least two grant recipients must provide transportation for participating children and their families to and from the program. The commissioner must approve expenditures for transportation.*

*Subd. 7. [EVALUATION.] The commissioner shall provide for an evaluation of the grant sites and shall recommend to the education committees of the legislature by January 1, 1992, whether or not programs for children in kindergarten through grade 3 and their families should be extended statewide. If the commissioner recommends that the programs be made available statewide, the commissioner also shall recommend a process for implementing the program. The commissioner shall evaluate the effectiveness of the expanded early childhood and family education programs as a component of the drug prevention initiative.*

**Sec. 12. [GRANTS TO MEET THE NEEDS OF TARGETED CHILDREN AND YOUNG PEOPLE.]**

*Subdivision 1. [TARGETED CHILDREN AND YOUNG PEOPLE.] A grant program for fiscal year 1991 is established to develop effective programs to help targeted children and young people overcome barriers to learning. Targeted children and young people are those individuals, whether or not enrolled in school, who are under 21 years of age and who:*

- (1) are school dropouts;*
- (2) have failed in school;*
- (3) have become pregnant;*
- (4) are economically disadvantaged;*
- (5) are children of drug or alcohol abusers;*
- (6) are victims of physical, sexual, or psychological abuse;*
- (7) have committed a violent or delinquent act;*
- (8) have experienced mental health problems;*
- (9) have attempted suicide;*
- (10) have experienced long-term physical pain due to injury;*
- (11) are at risk of becoming or have become drug or alcohol abusers;*
- (12) have experienced homelessness;*
- (13) have been excluded or expelled from school under Minnesota Statutes, sections 127.26 to 127.39; or*
- (14) have been adjudicated children in need of protection or services.*

*Subd. 2. [PLANNING GRANTS.] (a) The commissioner of education may award up to 20 planning grants to districts, community groups, or regional entities to:*

- (1) train individuals working with targeted children and young people;*
- (2) expand a community's ability to meet the needs of targeted children and young people by locating appropriate services and resources at or near a school site; and*
- (3) involve parents of targeted children and young people more fully in the education process.*

*(b) All planning grant recipients must offer vocational training or employment services, health screening and referrals, and mental health or family counseling.*

*Subd. 3. [IMPLEMENTATION GRANTS.] Grants may be awarded to six of the 20 planning grant recipients to implement their plans for meeting the needs of targeted children and young people. These grants are available on a one-time basis only. A district or districts receiving a grant may use the grant money in fiscal year 1991 and may carry forward any unencumbered money into fiscal year 1992.*

*Subd. 4. [DEPARTMENT'S ROLE.] The commissioner of education shall develop criteria for awarding planning grants and implementation grants. The criteria must include:*

- (1) targeting families confronting social or economic adversity;*
- (2) offering programs to targeted children and young people during and after school hours and during the summer;*
- (3) recognizing cultural and linguistic diversity among an area's population; and*
- (4) involving targeted children and young people in the planning and implementing processes.*

*Subd. 5. [EVALUATION.] The commissioner of education shall provide for an evaluation of the demonstration sites and report to the legislature by February 1, 1992.*

**Sec. 13. [DISTRICT REPORTS ON DELIVERING SERVICES TO TARGETED CHILDREN AND YOUNG PEOPLE.]**

*Subdivision 1. [REPORT REQUIRED.] Each district shall report to the education department by November 15, 1990, the district's strategies for delivering services intended to help targeted children and young people overcome barriers to learning that are associated with characteristics listed in section 12, subdivision 1. Based upon a compilation of the district reports, the commissioner of education shall recommend to the education committees of the legislature and the office of drug policy by January 1, 1991, those services and strategies that successfully help targeted children and young people overcome barriers to learning that are associated with characteristics listed in subdivision 1.*

*Subd. 2. [REPORT CONTENT.] The department shall develop the form and content of the district report. The report must at least identify:*

- (1) components of the service delivery system intended to help targeted children and young people overcome barriers to learning;*
- (2) persons involved in training district staff to assist targeted children and young people to overcome barriers to learning;*
- (3) individuals and institutional resources available to assist targeted children and young people to overcome barriers to learning; and*
- (4) how to coordinate community services and school programs to most effectively enable targeted children and young people to overcome barriers to learning.*

**Sec. 14. [APPROPRIATIONS.]**

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years indicated.*

*Subd. 2. [ECFE GRANTS.] For early childhood family education grants according to section 11:*

*\$450,000 . . . . . 1991*

*Up to \$50,000 of this amount may be used for evaluation of the grant sites and for contracting for services to administer the program.*

*Subd. 3. [TARGETED GRANTS.] For grants to meet the needs of targeted children and young people according to section 12:*

*\$400,000 . . . . . 1991*



*This amount includes funding for up to 20 planning grants of up to \$5,000 each and implementation grants of up to \$50,000 each to up to six of the 20 sites receiving planning grants.*

*\$25,000 is for evaluation of the six sites receiving implementation grants.*

*Subd. 4. [EVALUATING PREVENTION STRATEGIES.] For evaluating drug abuse prevention strategies:*

*\$75,000 . . . . . 1991*

*The commissioner shall evaluate up to 20 drug abuse prevention strategies and shall coordinate the evaluation with the office of drug policy and other entities conducting similar evaluations. The commissioner shall report the results of the evaluation to the legislature, districts, and social service agencies by February 15, 1992.*

*Subd. 5. [SURVEY.] For a survey of targeted children and young people, including those attending alternative education programs:*

*\$50,000 . . . . . 1991*

*The department must report the survey results to the legislature by February 15, 1992.*

**Sec. 15. [EFFECTIVE DATE.]**

*Sections 3, 4, clause (e), 6, and 7 are retroactively effective July 1, 1989. Section 10 is effective the day after final enactment.*

**ARTICLE 5  
FACILITIES**

Section 1. Minnesota Statutes 1988, section 121.148, is amended to read:

**121.148 [SCHOOL DISTRICT CONSTRUCTION.]**

*Subdivision 1. [COMMISSIONER APPROVAL.] In determining whether to give a school facility a positive, negative, or unfavorable review and comment, the commissioner must evaluate the proposals for facilities using the information provided under section 121.15, subdivision 7.*

*Subd. 2. [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. 3. [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~~ must not proceed with construction.*

*Subd. 4. [UNFAVORABLE REVIEW AND COMMENT.] If the commissioner submits an unfavorable review and comment for a proposal under section 121.15, the school board, by resolution of the board, must 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 1988, section 121.15, subdivision 1, is amended

to read:

Subdivision 1. [CONSULTATION.] A school district shall consult with the commissioner of education before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility, other than a technical 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 expenditure facilities revenue according to section 124.243, subdivision 6, clause (2). *The commissioner may require the district to participate in a management assistance plan before conducting a review and comment on the project.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 121.15, subdivision 2, is amended to read:

Subd. 2. [PLAN SUBMITTAL.] For a project for which consultation is required under subdivision 1, the commissioner, after the consultation required in subdivision 1, may require a school district to submit the following for approval:

- (a) two sets of preliminary plans for each new building or addition, and
- (b) one set of final plans for each construction, remodeling, or site improvement project. The commissioner shall approve or disapprove the plans within ~~60~~ 90 days after submission.

Final plans shall meet all applicable state laws, rules, and codes concerning public buildings, including sections 16B.59 to 16B.73. The department may furnish to a school district plans and specifications for temporary school buildings containing two classrooms or less.

Sec. 4. Minnesota Statutes 1988, section 121.15, subdivision 7, is amended to read:

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 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 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) a description of existing facilities within the area to be served and within school districts adjacent to the area to be served; the extent to which existing facilities or services are used; the extent to which alternate space is available, including other school districts, post-secondary institutions, ~~or~~ other public or private buildings, or other noneducation community resources; and the anticipated effect that the facility will have on existing facilities and services;
- (f) the anticipated benefit of the facility to the area;

(g) if known, the relationship of the proposed construction to any priorities that have been established for the area to be served;

(h) the availability and manner of financing the facility and the estimated date to begin and complete the facility;

(i) 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; *and*

(k) *the effects of the proposed facility on the district's operating budget.*

Sec. 5. [121.1502] [INSPECTION OF PUBLIC SCHOOLS.]

*Subdivision 1. [INSPECTION.] The commissioner and the state fire marshal shall develop a plan to inspect once every three years every public school facility used for educational purposes. Inspections must begin during the 1990-1991 school year. The plan must provide for continued inspection by local units of government of public school facilities that have been inspected by a local unit of government between January 1, 1987 and January 1, 1990, and may provide for inspections by local units of government in other situations. Each inspection report must be filed with the commissioner, the local school board, and the state fire marshal. Notwithstanding section 299F.011, subdivisions 5a and 5b, a variance from the code must be approved by the state fire marshal before taking effect. The state board may request that the state fire marshal inspect a particular school facility.*

*Subd. 2. [CONTRACTING.] The commissioner may contract with the state fire marshal to provide the inspections provided in subdivision 1.*

Sec. 6. Minnesota Statutes 1989 Supplement, section 124.243, subdivision 2, is amended to read:

Subd. 2. [CAPITAL EXPENDITURE FACILITIES REVENUE.] Capital expenditure facilities revenue for a district equals the lesser of:

(1) \$130 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.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 124.2442, subdivision 1, is amended to read:

Subdivision 1. [INSUFFICIENT FUNDS.] If the total appropriation for capital expenditure equipment aid or capital expenditure facilities aid for any fiscal year, *plus any amount transferred under section 124.14, subdivision 7*, is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's capital expenditure facilities and equipment revenue according to the calculations in subdivisions 2 to 4.

Sec. 8. Minnesota Statutes 1989 Supplement, section 124.83, subdivision 6, is amended to read:

Subd. 6. [USES OF HEALTH AND SAFETY REVENUE.] Health and safety revenue may be used only for approved 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. *Health and safety revenue must not be used for the construction of new facilities or the purchase of portable classrooms.*

Sec. 9. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 11d, is amended to read:

Subd. 11d. [EXTRA CAPITAL EXPENDITURE LEVY FOR LEASING BUILDINGS.] When a district finds it economically advantageous to rent or lease a building, ~~or to purchase a building and site under an installment purchase agreement, lease purchase agreement, or any other deferred payment agreement authorized under section 465.71,~~ for any instructional purposes and it determines that the capital expenditure facilities revenues authorized under section 124.243 are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease ~~or agreement,~~ and a description of the space to be leased ~~or purchased according to any type of deferred payment agreement,~~ 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 ~~or agreement~~ to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease ~~or agreement~~ 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 ~~or purchasing~~ 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 or to purchase a building newly constructed under an installment purchase agreement, lease purchase agreement, or any other deferred payment agreement authorized under section 465.71.*

Sec. 10. Minnesota Statutes 1988, section 275.125, is amended by adding a subdivision to read:

*Subd. 11f. [LEVY FOR CERTAIN LEASE PURCHASES.] A district may annually levy the amount needed to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payment agreement authorized by Minnesota Statutes 1989 Supplement, section 465.71, if:*

*(1) the agreement was approved by the commissioner before July 1, 1990, according to Minnesota Statutes 1989 Supplement, section 275.125, subdivision 11d; or*

*(2) the district levied in 1989 for the payments.*

Sec. 11. Minnesota Statutes 1989 Supplement, section 326.03, subdivision 2, is amended to read:

Subd. 2. Nothing contained in sections 326.02 to 326.15 shall prevent persons from advertising and performing services such as consultation, investigation, or evaluation in connection with, or from making plans and specifications for, or from supervising, the erection, enlargement, or alteration of any of the following buildings:

(a) Dwellings for single families, and outbuildings in connection therewith, such as barns and private garages;

(b) Two family dwellings;

(c) Any farm building or accessory thereto; or

(d) Temporary buildings or sheds used exclusively for construction purposes, not exceeding two stories in height, and not used for living quarters; or

(e) ~~Any public work or public improvement done by a public body in this state where the cost of the work or improvement does not exceed \$100,000.~~

Sec. 12. Minnesota Statutes 1989 Supplement, section 465.71, is amended to read:

465.71 [INSTALLMENT AND LEASE PURCHASES; CITIES; COUNTIES; SCHOOL DISTRICTS.]

A home rule charter city, statutory city, county, town, or school district may purchase ~~real or~~ personal property under an installment contract, or lease real or personal property with an option to purchase under a lease purchase agreement, by which contract or agreement title is retained by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any, but such purchases are subject to statutory and charter provisions applicable to the purchase of real or personal property. For purposes of the bid requirements contained in section 471.345, "the amount of the contract" shall include the total of all lease payments for the entire term of the lease under a lease-purchase agreement. The obligation created by a lease purchase agreement ~~or installment contract~~ shall not be included in the calculation of net debt for purposes of section 475.53, ~~shall be deemed to constitute the issuance of an obligation under section 475.58, subdivision 1, clause (6),~~ and shall not constitute debt under any other statutory provision. No election shall be required in connection with the execution of a lease purchase agreement ~~or installment contract~~ authorized by this section. The city, county, town, or school district must have the right to terminate a lease purchase agreement at the end of any fiscal year during its term.

Sec. 13. [FACILITIES REVIEW.]

(a) *The commissioner of education, in consultation with appropriate state and local officials, shall:*

*(1) prepare a document for school districts that explains all statutes and rules that apply to facilities used for instruction;*

*(2) develop a comprehensive on-site review form to be used when school buildings are inspected for educational adequacy, health and safety, and handicapped accessibility;*

*(3) determine whether standard plans for instructional facilities should be developed by a state architect;*

(4) define the data elements related to instructional facilities that must be submitted by school districts to the department;

(5) conduct an inventory of the condition of existing facilities; and

(6) conduct a regional demographic and economic analysis.

(b) A recommendation must not conflict with or supplant existing law, including any law regarding inspections by the office of the state fire marshal, or any requirement contained in the life safety code.

(c) Any survey of school buildings by the department of administration to determine the degree of handicapped accessibility must be conducted in conjunction with the inventory of school facilities required in this section.

#### Sec. 14. [APPROPRIATION.]

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for fiscal year 1991.*

*Subd. 2. [FIRE MARSHAL CONTRACT.] \$200,000 for contracting with the state fire marshal to provide the services required under section 5.*

*Subd. 3. [FACILITIES REVIEW.] \$50,000 for the facilities review required in section 13.*

*The commissioner must transfer 1.0 state complement from any other section to the financial management and transportation section.*

#### Sec. 15. [EFFECTIVE DATE.]

*Sections 1, 2, 3, 4, 5, and 7 are effective the day after their final enactment.*

*Section 8 is effective for health and safety projects approved the day after its final enactment.*

*Section 11 is effective March 15, 1991.*

### ARTICLE 6

#### COOPERATIVE PROGRAMS

Section 1. Minnesota Statutes 1988, section 120.062, is amended by adding a subdivision to read:

*Subd. 8a. [WAIVER OF DEADLINES.] (a) Notwithstanding subdivision 4, upon agreement of the resident and nonresident school districts, a pupil may submit an application to a nonresident district after January 1 for enrollment beginning the following school year. The pupil, the pupil's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice deadlines do not apply.*

*(b) Notwithstanding subdivision 4, if as a result of an agreement under section 122.541 or 122.535 entered into after January 1 a pupil is assigned to a different school, the pupil may submit an application to a nonresident district after January 1 but before June 1 for enrollment beginning the following school year. The pupil, the pupil's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4*

and 6, except that the application and notice deadlines do not apply.

Sec. 2. Minnesota Statutes 1988, section 120.062, subdivision 9, is amended to read:

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.

*At the time a nonresident district notifies a parent or guardian that an application has been accepted under subdivision 5 or 6, the nonresident district must provide the parent or guardian with the following information regarding the transportation of nonresident pupils under this section:*

*(1) a nonresident district may transport a pupil within the pupil's resident district under this section only with the approval of the resident district; and*

*(2) a parent or guardian of a pupil attending a nonresident district under this section may appeal under section 16, the refusal of the resident district to allow the nonresident district to transport the pupil within the resident district.*

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to sections 124.2721, subdivision 3; 124.575, subdivision 3; and 275.125, subdivision 9a; and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus 31.0 percent of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) 31.0 percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a,

and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to sections 124.2725, subdivision 15, 124.4945, and 275.125, ~~subdivision subdivisions 4 and 6a,~~ and Laws 1975, chapter 261, section 4; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, amounts levied for down payments under section 124.82, subdivision 3, amounts levied for education district bonds under section 122.96, subdivision 5, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 4. Minnesota Statutes 1989 Supplement, section 122.241, subdivision 2, is amended to read:

Subd. 2. [COOPERATION REQUIREMENTS.] Cooperating districts shall:

(1) ~~have~~ *implement* a written agreement according to section 122.541 *no later than the first year of cooperation*;

(2) all be members of one education district, if any one of the districts is a member, *no later than the end of the second year of cooperation*; and

(3) all be members of one ECSU, if any one of the districts is a member.

Sec. 5. Minnesota Statutes 1989 Supplement, section 122.243, subdivision 2, is amended to read:

Subd. 2. [VOTER APPROVAL.] During the *first or second* year of cooperation, a referendum on the question of combination shall be conducted. The referendum shall be on a date called by the school boards. The referendum shall be conducted by the school boards according to the Minnesota election law, as defined in section 200.01. If the referendum fails, the same question or a modified question may be submitted the following school year. If a question is submitted, the second referendum must be conducted on a date before October 1. If the referendum fails again, the same question may not be submitted. A different question may be submitted on any date before October 1. Referendums shall be conducted on the same date in all districts.

Sec. 6. Minnesota Statutes 1988, section 122.535, is amended by adding a subdivision to read:

Subd. 6. [SEVERANCE PAY.] *A district shall pay severance pay to a teacher who is:*

(1) *placed on unrequested leave of absence by the district because the teacher's position is discontinued as a result of the agreement; and*



(2) *not employed by another district for the school year following the teacher's placement on unrequested leave of absence.*

*The severance pay shall be equivalent to the teacher's salary for one year and is subject to section 465.72. The district may levy according to section 33 for the severance pay.*

Sec. 7. [122.539] [MEETINGS.]

(a) *Notwithstanding any law to the contrary, a joint powers board established under section 124.494 or article 11, section 1, and the board of each of its member districts may hold meetings at a facility operated by the joint powers board.*

(b) *The joint powers board shall establish and maintain a schedule of the time and place of its meetings and shall give notice of regular and special meetings as required under section 471.705.*

Sec. 8. Minnesota Statutes 1989 Supplement, section 122.91, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] *The purpose of an education district is to increase educational opportunities for learners by increasing cooperation and coordination among school districts and post-secondary institutions and to replace other existing cooperative structures.*

Sec. 9. Minnesota Statutes 1989 Supplement, section 122.91, subdivision 5, is amended to read:

Subd. 5. [JOINER AND WITHDRAWAL.] ~~A process for a district to join or withdraw from an education district shall be included in the education district agreement.~~

If (a) ~~A member school district withdraws must not withdraw~~ from an education district that receives revenue under section 124.2721 before the end of the fiscal year for which a levy under section 124.2721 has been certified, ~~a reduction in the school district's general education aid for the fiscal year to which the levy is attributable must be made. The amount of aid reduction equals the amount that the school district certified for that year under section 124.2721 minus transition aid allocated for that levy according to section 273.1398, subdivision 6. The amount of the aid reduction shall be paid to the education district. The school district need not transfer the revenue required under section 124.2721, subdivision 3a.~~

(b) *Notwithstanding paragraph (a), a school district that certified a levy under section 124.2725 for fiscal year 1991 may transfer from one education district to another to comply with section 122.241, subdivision 2, clause (2). The commissioner must adjust the revenue of both education districts so that the education district revenue attributable to the transferring school district is transferred from the previous education district to the new education district.*

(c) *By August 1 of each year, an education district must notify the department of education concerning which school districts will be members of the education district for the purposes of certifying to the department of education the amount of revenue to be raised under section 124.2721.*

Sec. 10. [122.937] [EDUCATION DISTRICT BARGAINING.]

Subdivision 1. [EDUCATION DISTRICT AGREEMENT.] *The education*

*district agreement may contain a provision adopted by a vote of the majority of the full membership of the board of each member school district that grants the education district board the authority to negotiate a collective bargaining agreement for teachers on behalf of all member school districts under this section. This authority may allow the education district to be the public employer of teachers for the purposes of chapter 123, 125, or 179A if provided for in the plan under subdivision 2. If this provision is not adopted by the board of any member district, the provision must not be included in the education district agreement. As used in this section, "teacher" has the meaning given it in section 179A.03, subdivision 18.*

*To negotiate a collective bargaining agreement under this section, an education district must:*

*(1) agree to negotiate collective bargaining agreements for teachers on behalf of all member districts for at least two consecutive two-year periods beginning July 1 of an odd-numbered year;*

*(2) agree to certify to the department of education the amount of general education revenue to be raised for all member districts for each year that a collective bargaining agreement negotiated by the education district under this section is in effect; and*

*(3) adopt a plan under subdivision 2 that is agreed upon by the school board and the exclusive representative of teachers in each member district and approved by the commissioner of education and the commissioner of mediation services under subdivision 3.*

*Unless otherwise specified, all provisions in this section apply only to an education district that negotiates a collective bargaining agreement under this section.*

*Subd. 2. [EDUCATION DISTRICT BARGAINING IMPLEMENTATION PLAN.] An education district board with a collective bargaining provision under subdivision 1 must adopt, by resolution, a plan for implementing education district teacher collective bargaining. The plan must specify:*

*(1) whether a new bargaining unit structure will be put in place covering all teachers in the education district;*

*(2) the procedure used to establish a new bargaining unit structure, which may include certification of a new exclusive representative for the teachers in the education district;*

*(3) whether technical college teachers in the education district will be included in a new bargaining unit structure covering all teachers in the education district or whether a separate technical college bargaining unit will be established;*

*(4) whether the education district board or member school boards will be the public employer of teachers for the purposes of chapter 123, 125, or 179A and any other laws governing the employment of teachers;*

*(5) the process for ratifying contracts by the teachers in the education district and by the member school boards or the education district board;*

*(6) the specific fiscal duties and responsibilities that belong to member district boards and to the education district board;*

*(7) the procedures required to allow member district boards to fulfill their fiscal duties and responsibilities;*

- (8) *the financial status of each member district;*
- (9) *a description of labor-management relations in each member district over the past ten years;*
- (10) *whether the education district will implement a combined seniority list under section 125.12, subdivision 6b;*
- (11) *a provision for the transition to a successor employer and exclusive representative of teachers for a member district that withdraws from the education district under subdivision 4 and a definition of teachers who will be affected by the transition;*
- (12) *the date by which a collective bargaining agreement must be signed that is no later than June 30 of the odd-numbered calendar year; and*
- (13) *any additional information requested by the commissioner of education or the commissioner of mediation services.*

*All fiscal duties and responsibilities not specifically assigned to the education district board under clause (6) remain with the member district boards.*

**Subd. 3. [APPROVAL OF THE BARGAINING IMPLEMENTATION PLAN.]** *A plan developed under subdivision 2 must be submitted to the commissioner of education and the commissioner of mediation services for approval. The commissioners shall jointly determine the date for submitting the plan. The commissioners must jointly approve or disapprove the plan within 60 days. The commissioners may disapprove the plan if they jointly determine that the plan will not provide stable and constructive labor-management relations in the education district or if the plan or any modification of the plan is incomplete. An education district may revise and resubmit a disapproved plan on a date jointly determined by the commissioners. The commissioners must jointly approve or disapprove the resubmitted plan within 30 days.*

**Subd. 4. [JOINDER AND WITHDRAWAL.]** *(a) Notwithstanding section 122.91, subdivision 5, a member district of an education district that has entered into a collective bargaining agreement negotiated by the education district under this section may withdraw from the education district only at the end of a two-year period for which the collective bargaining agreement is in effect. A member district withdrawing under this subdivision must notify the education district board at least 365 days before withdrawing. The teachers in a withdrawing member district are governed by the collective bargaining agreement in effect for the education district until a successor agreement is negotiated by the withdrawing district.*

*(b) Notwithstanding section 122.91, subdivision 5, a school district may join an education district that has entered into a collective bargaining agreement negotiated by the education district under this section only at the end of the two-year period for which the collective bargaining agreement is in effect.*

**Subd. 5. [COMBINED SENIORITY LIST.]** *Notwithstanding any law to the contrary, the school board of each member district may negotiate a plan with the exclusive representative of the teachers in the member district to provide for unrequested leave of absence for teachers in the education district under section 125.12, subdivision 6a.*

*If compatible plans for unrequested leave are not negotiated under section 125.12, subdivision 6a, by July 1 of the first year of the two-year period for which the education district negotiates a collective bargaining agreement under this section, the education district shall be governed by section 125.12, subdivision 6b, on the basis of a combined seniority list of all the teachers in the education district. For the purpose of establishing a combined seniority list, each member district must be considered to have started school on the same date.*

*Subd. 6. [BARGAINING AGREEMENT.] The terms and conditions of employment of teachers in a member district of an education district will be governed by the contract executed by the exclusive bargaining representative and that member district until a successor contract is executed.*

*Subd. 7. [GRIEVANCES.] A grievance in a member district must be resolved under the terms of the collective bargaining agreement for teachers in effect at the time the grievance arose.*

*Subd. 8. [AUTHORITY.] An education district with a plan approved under subdivision 3 has the authority to implement that plan. When a provision in the plan required under subdivision 2, clauses (1) to (13) conflicts with any law in chapter 123, 125, or 179A, the education district and member districts will be governed by the provision in the plan.*

*Unless specifically provided otherwise in the plan, chapter 179A governs the rights and duties of employers and employees in an education district.*

*Subd. 9. [CONTRACT DEADLINE AND PENALTIES.] Notwithstanding any law to the contrary, an education district that negotiates a collective bargaining agreement for teachers under this section is exempt from contract deadlines and penalties for a two-year period beginning July 1, 1991.*

Sec. 11. Minnesota Statutes 1988, section 122.94, subdivision 5, is amended to read:

*Subd. 5. [ATTENDANCE IN OTHER DISTRICTS.] (a) The agreement may provide for a pupil who is a resident of a member district to enroll in programs or courses offered by another member district or transfer to another member district. A pupil and parent shall consult with a career teacher, counselor, or principal before transferring to another district. The agreement shall specify procedures for reimbursement among the member districts. The district of residence shall count all resident pupils who enroll in programs or courses or transfer to another district as its pupils for the purpose of state aid and levy limitations. The agreement shall determine whether transportation is available for pupils enrolled in programs or courses or transferring to another district.*

*(b) Paragraph (a) does not limit any rights or duties under section 120.062.*

Sec. 12. Minnesota Statutes 1989 Supplement, section 122.94, subdivision 6, is amended to read:

*Subd. 6. [COMMON ACADEMIC CALENDAR.] For ~~1990-1991~~ 1991-1992 and later school years, the agreement must require a common academic calendar for all member districts of an education district. For purposes of this subdivision, a common academic calendar must include at least the following:*

- (1) the number of days of instruction;
- (2) the first and last days of instruction in a school year; and
- (3) the specific days reserved for staff development.

Before the 1990-1991 school year, each education district must report to the state board of education on ways that other components of the academic calendar in each member district will affect the implementation of the five-year plan described in section 122.945. Other components include the length of the school day, the time the school day begins and ends, and the number of periods in the day.

Sec. 13. Minnesota Statutes 1989 Supplement, section 122.945, subdivision 2, is amended to read:

Subd. 2. [SUBMISSION AND APPROVAL OF FIVE-YEAR PLAN.] Each education district must submit a five-year plan developed according to subdivision 1 to the state board of education. An education district established before ~~January~~ *November 1, 1990* ~~1989~~, must submit a plan to the state board by April 1, 1990. An education district established after ~~December~~ *October 31, 1989*, must submit a plan to the state board by ~~April~~ *June 1* of the first year that the education district will certify the amount of education district revenue to be raised under section 124.2721. The board must approve or disapprove the plan within 60 days of ~~receiving it from the education district~~ *the required submission date*.

Sec. 14. Minnesota Statutes 1988, section 123.3514, subdivision 6, is amended to read:

Subd. 6. [FINANCIAL ARRANGEMENTS.] At the end of each school year, the department of education shall pay the tuition reimbursement amount within 30 days to the post-secondary institutions for courses that were taken for secondary credit. The amount of tuition reimbursement shall equal the lesser of:

- (1) the actual costs of tuition, textbooks, materials, and fees directly related to the course taken by the secondary pupil; or
- (2) an amount equal to the difference between the basic revenue of the district for that pupil and an amount computed by multiplying the basic revenue of the district for that pupil by a ratio. The ratio to be used is the total number of hours that the pupil is enrolled in courses in the secondary school during the regular school year over the total number of secondary instructional hours per pupil in that pupil's resident district.

The amount paid for each pupil shall be subtracted from the general education aid paid to the pupil's ~~resident~~ *district of attendance*. If the amount to be subtracted is greater than the amount of general education aid due the district, the excess reduction shall be made from other state aids due to the district. If a pupil is enrolled in a course for post-secondary credit, the school district shall include the pupil in the average daily membership only for the portion of time during which the pupil is enrolled in courses at the secondary school and enrolled in courses at a post-secondary institution for secondary credit.

The department shall not pay any tuition reimbursement or other costs of a course taken for post-secondary credit only.

Sec. 15. Minnesota Statutes 1988, section 123.3514, subdivision 6b, is amended 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 of attendance. 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. 16. Minnesota Statutes 1988, section 123.39, subdivision 6, is amended to read:

Subd. 6. ~~The board may transport pupils residing outside of the district but attending school therein if these pupils present themselves within the district on one of the regular routes traveled in the transportation of the pupils of the district.~~ ~~district.~~ For the purposes of this subdivision, a "non-resident pupil" is a pupil who resides in one district, defined as the "resident district" and attends school in another district, defined as the "nonresident district."

A nonresident district may transport a nonresident pupil within its borders. A nonresident district may not transport a nonresident pupil on a school district owned or contractor operated school bus within the pupil's resident district without the approval of the resident district under section 120.062.

The parent or guardian of a nonresident pupil attending a nonresident district under section 120.062 may submit a written request to the resident district asking that the resident district allow the nonresident district to provide transportation for the pupil within the pupil's resident district. The resident district must approve or disapprove the request, in writing, within 30 days. The parent or guardian may appeal the refusal of the resident district to the commissioner of education. The commissioner must act on the appeal within 30 days.

Sec. 17. Minnesota Statutes 1988, section 123.58, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT OF EDUCATIONAL COOPERATIVE

SERVICE UNITS.] (a) In furtherance of this policy, ten educational cooperative service units are designated. Each unit, should it become operational, shall be termed an educational cooperative service unit, hereafter designated as an ECSU. Geographical boundaries for each ECSU shall coincide with those identified in governor's executive orders 8, dated September 1, 1971, and 59, dated May 29, 1973, issued pursuant to the regional development act of 1969, Minnesota Statutes, sections 462.381 to 462.397, with the following exceptions:

(i) Development regions one and two shall be combined to form a single ECSU;

(ii) Development regions six east and six west shall be combined to form a single ECSU;

(iii) Development regions seven east and seven west shall be combined to form a single ECSU.

(b) The ECSU shall cooperate with the regional development commission for the region with which its boundaries coincide but shall not be responsible to nor governed by that regional development commission.

~~(b)~~ (c) The geographic location of the central administrative office of a school district shall determine the membership of the total school district in a particular ECSU. Existing school district boundaries shall not be altered as a result of this section.

~~(c)~~ (d) *Notwithstanding paragraphs (a), (b), and (c), a school district may become a full member of an ECSU other than the one in which its central administrative office is located if the district is a member of an education district or a participant in another cooperative agreement, and more than half of the member districts of the education district or participants in the cooperative agreement are members of another ECSU.*

(e) Two or more identified ECSU units may, upon approval by a majority of school boards of participating school districts in each affected ECSU, be combined and administered as a single ECSU unit but state assistance shall be allocated on the basis of two or more ECSU units.

~~(d)~~ (f) The initial organization of each ECSU may occur only upon petition to the state board of education by a majority of all school districts in an ECSU. The state board of education shall, upon receipt of this petition, invite representation from all public school districts and shall encourage the participation of nonpublic school administrative units to the extent allowed by law in an ECSU at a regional meeting. The state board of education shall then assist in the necessary organizational activities for establishment of an ECSU pursuant to the requirements of this section.

Sec. 18. Minnesota Statutes 1989 Supplement, section 123.58, subdivision 9, is amended to read:

Subd. 9. [FINANCIAL SUPPORT FOR THE EDUCATIONAL COOPERATIVE SERVICE UNITS.] (a) Financial support for ECSU programs and services shall be provided by participating local school districts and nonpublic school administrative units with private, state and federal financial support supplementing as available. The ECSU board of directors may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district and nonpublic school administrative unit its proportionate share of any and all expenses. This share shall be based

upon the extent of participation by each district or nonpublic school administrative unit and shall be in the form of a service fee. Each participating district and nonpublic school administrative unit shall remit its assessment to the ECSU board as provided in the ECSU bylaws. The assessments shall be paid within the maximum levy limitations of each participating district. No participating school district or nonpublic school administrative unit shall have any additional liability for the debts or obligations of the ECSU except that assessment which has been certified as its proportionate share or any other liability the school district or nonpublic school administrative unit agrees to assume.

(b) Any property acquired by the ECSU board is public property to be used for essential public and governmental purposes which shall be exempt from all taxes and special assessments levied by a city, county, state or political subdivision thereof. If the ECSU is dissolved, its property must be distributed to the member public school districts at the time of the dissolution.

(c) A school district or nonpublic school administrative unit may elect to withdraw from participation in the ECSU by a majority vote of its full board membership and upon compliance with the applicable withdrawal provisions of the ECSU organizational agreement. Upon receipt of the withdrawal resolution reciting the necessary facts, the ECSU board shall file a certified copy with the state board of education. The withdrawal shall be effective on the June 30 following receipt by the board of directors of written notification of the withdrawal at least six months prior to June 30. Notwithstanding the withdrawal, the proportionate share of any expenses already certified to the withdrawing school district or nonpublic school administrative unit for the ECSU shall be paid to the ECSU board.

*(d) Notwithstanding paragraph (c), if a member school district of an education district withdraws from an ECSU to comply with subdivision 4, the school district's withdrawal is effective on June 30, following receipt by the board of directors of the district's written notification.*

(e) The ECSU is a public corporation and agency and its board of directors may make application for, accept and expend private, state and federal funds that are available for programs of educational benefit approved by the state board of education in accordance with rules adopted by the state board of education pursuant to chapter 14. The state board of education shall not distribute special state aid or federal aid directly to an ECSU in lieu of distribution to a school district within the ECSU which would otherwise qualify for and be entitled to this aid without the consent of the school board of that district.

~~(e)~~ (f) The ECSU is a public corporation and agency and as such, no earnings or interests of the ECSU may inure to the benefit of an individual or private entity.

Sec. 19. Minnesota Statutes 1989 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) general education aid authorized in ~~section~~ sections 124A.23 and 32;
- (b) secondary vocational aid authorized in section 124.573;



- (c) special education aid authorized in section 124.32;
- (d) secondary vocational aid for handicapped children authorized in section 124.574;
- (e) aid for pupils of limited English proficiency authorized in section 124.273;
- (f) transportation aid authorized in section 124.225;
- (g) community education programs aid authorized in section ~~124.271~~ 124.2713;
- (h) adult education aid authorized in section 124.26;
- (i) early childhood family education aid authorized in section 124.2711;
- (j) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;
- (k) education district aid according to section 124.2721;
- (l) secondary vocational cooperative aid according to section 124.575;
- (m) homestead credit under section 273.13 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;
- (n) agricultural credit under section 273.132 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;
- (o) homestead and agricultural credit aid and disparity reduction aid authorized in section 273.1398, subdivision 2; and
- (p) attached machinery aid authorized in section 273.138, subdivision 3.

The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 20. Minnesota Statutes 1988, section 124.195, subdivision 10, is amended to read:

Subd. 10. [AID PAYMENT PERCENTAGE.] Except as provided in subdivisions 8 and 9, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 124B, 125, 126, 134, and section 273.1392, except post-secondary vocational shall be paid at 85 percent of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid as the final adjustment payment according to subdivision 6.

Sec. 21. Minnesota Statutes 1989 Supplement, section 124.2721, is amended to read:

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 sections 122.91, subdivisions 3 and 4, and 122.945. The pupil units of a school district that is a member of intermediate district No. 287,

916, or 917 may not be used to obtain revenue under this section. The pupil units of a school district may not be used to obtain revenue under this section and section 124.575.

Subd. 2. [REVENUE.] Each year the education district board shall certify to the department of education the amount of *education district* revenue to be raised. ~~Revenue for the~~ Education district revenue shall be the lesser of:

- (1) ~~\$60 times the actual pupil units in the education district; or~~
- ~~(2) the amount certified by the education district board; or~~
- (2) the sum of:
  - (i) \$60 in basic education district revenue; and
  - (ii) \$50 for education districts authorized to receive revenue under section 36, subdivision 2,

*times the actual pupil units in the education district.*

Subd. 3. [LEVY.] The education district levy is equal to the following:

- (1) the education district revenue according to subdivision 2, times
- (2) the lesser of
  - (a) one, or
  - (b) the ratio of the ~~adjusted gross tax capacity for taxes payable in 1990 and adjusted net tax capacity for taxes payable in 1991 and thereafter~~ of the education district divided by the number of actual pupil units in the education district to an amount equal to ~~\$60 the sum of subdivision 2, clause (2), items (i) and (ii) for which the education district is eligible divided by 1.5 percent for taxes payable in 1990 and 1.87 percent for taxes payable in 1991 and thereafter.~~

The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.

Subd. 3a. [REVENUE TRANSFER.] Each year a member district shall transfer revenue to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount shall be transferred equal to:

- (1) 50 percent times
- (2) the amount certified in subdivision 3 minus ~~transition homestead and agricultural credit~~ aid allocated for that levy according to section 273.1398, subdivision 6.

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 is under the control of the education district board. 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.

The education district board may pay to member school districts a part of the education district revenue received by the education district under this section only for programs that are (1) available to all member districts, and (2) included in the five-year plan under section 122.945.

Subd. 6. [CONSOLIDATION.] If all member districts of an education district receiving revenue under this section or a group of member districts of an education district receiving revenue under this section that would qualify as an education district under section 122.91, subdivision 3, consolidate into a single independent school district by proceedings taken in accordance with section 122.23, that consolidated district may continue to receive education district revenue according to this section.

Sec. 22. Minnesota Statutes 1989 Supplement, section 124.2725, subdivision 3, is amended to read:

Subd. 3. [COOPERATION AND COMBINATION LEVY.] To obtain cooperation and combination revenue, a district may levy an amount equal to the cooperation and combination revenue multiplied by the lesser of one or the following ratio:

(1) the quotient derived by dividing the adjusted ~~gross~~ net tax capacity for the district in the year preceding the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable, to

(2) the percentage, specified in subdivision 4, of the equalizing factor for the school year to which the levy is attributable.

Sec. 23. Minnesota Statutes 1989 Supplement, section 124.2725, subdivision 4, is amended to read:

Subd. 4. [INCREASING LEVY.] *(a) For districts that combine after one year of cooperation, the percentage in subdivision 3, clause (2), shall be:*

- (1) 100 percent for the first year of cooperation;*
- (2) 75 percent for the first year of combination;*
- (3) 50 percent for the second year of combination; and*
- (4) 25 percent for the third year of combination.*

*(b) For districts that combine after two years of cooperation, the percentage in subdivision 3, clause (2), shall be:*

- (1) 100 percent for the first year of cooperation;*
- (2) 75 percent for the second year of cooperation;*
- (3) 50 percent for the first year of combination; and*
- (4) 25 percent for the second year of combination.*

Sec. 24. Minnesota Statutes 1989 Supplement, section 124.2725, subdivision 5, is amended to read:

Subd. 5. [COOPERATION AND COMBINATION AID.] *(a) Districts that combine after one year of cooperation shall receive cooperation and combination aid for the first year of cooperation and three years of combination. Cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy. Aid shall not be paid after three years of combining.*

*(b) Districts that combine after two years of cooperation shall receive cooperation and combination aid for the first two years of cooperation and the first two years of combination. Cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy. Aid shall not be paid after two years of combining.*

Sec. 25. Minnesota Statutes 1989 Supplement, section 124.2725, subdivision 8, is amended to read:

Subd. 8. [PERMANENT REVENUE.] *(a) For the third year of combination and thereafter, a combined district that is not a member of an education district that receives revenue under section 124.2721 may levy an amount equal to the cooperation and combination revenue, defined in subdivision 2, the lesser of*

*(i) \$50 times the actual pupil units in the combined district; or*

*(ii) \$50,000.*

*(b) A combined district that is a member of an education district receiving revenue under section 124.2721 must not receive revenue under this subdivision.*

Sec. 26. Minnesota Statutes 1989 Supplement, section 124.2725, is amended by adding a subdivision to read:

Subd. 16. [EXCLUSION FROM FUND BALANCE.] *Revenue received by a district under this section for each year of cooperation and the first three years of combination shall be excluded from the net unreserved operating fund balance, for the purposes of section 124A.26.*

Sec. 27. Minnesota Statutes 1988, section 124.494, is amended by adding a subdivision to read:

Subd. 2a. [REORGANIZING DISTRICTS.] *A school district that is a member of a joint powers board established under subdivision 2 and that is planning to reorganize under section 122.21, 122.22, or 122.23 must notify the joint powers board one year in advance of the effective date of the reorganization. Notwithstanding section 471.59 or any other law to the contrary, the board of a district that reorganizes under section 122.21, 122.22, or 122.23 may appoint representatives to the joint powers board who will serve on the joint powers board for two years after the effective date of the reorganization if authorized in the agreement establishing the joint powers board to govern the cooperative secondary facility. These representatives shall have the same powers as representatives of any other school district under the joint powers agreement.*

Sec. 28. [124B.01] [ELIGIBILITY.]

*Education districts with a collective bargaining provision in the education district agreement under section 10, must certify general education revenue for all member districts in the education district. A member district of an education district that certifies general education revenue may levy only the amount allocated by the department of education for general education.*

Sec. 29. [124B.02] [DEFINITIONS.]

*Except as otherwise specified in this chapter, general education revenue for eligible education districts must be determined under chapters 124 and*

124A, as though an education district is a school district.

Sec. 30. [124B.03] [REFERENDUM LEVIES.]

*Subdivision 1. [MEMBER DISTRICT REFERENDUM LEVIES.] (a) As of the date that an education district first certifies general education revenue, the authorization for a referendum levy previously approved by the voters of a member district in that education district under section 124A.03 is canceled.*

*(b) The education district may certify to the department of education an amount equal to the combined dollar amount of the referendum authorized by each of the member districts for the year before the date that the education district first certifies general education revenue, unless the amount of revenue that the education district may certify is modified under subdivision 2.*

*(c) If the referendum levy authorizations for each of the member districts is limited to a specified number of years, the referendum levy authorization for the education district may continue for a period of time equal to the longest period authorized for any member district. If the referendum levy authorization of any member district is not limited to a specified number of years, the referendum levy authorization for the education district is not limited to a specified number of years.*

*Subd. 2. [REFERENDUM LEVY.] (a) The amount of general education revenue certified by an education district board under section 31 may be increased in any amount that is approved by the voters of the education district at a referendum called for the purpose. The referendum may be called by the education district board or must be called by the education district board upon written petition of qualified voters of the education district. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy as a percentage of net tax capacity, the amount that will be raised by that tax capacity rate in the first year it is to be levied, and that the tax capacity rate must be used to finance school operations. The ballot shall designate a specific number of years for which the referendum authorization applies. The ballot may contain a text with the information required in this subdivision and a question stating substantially the following:*

*“Shall the increase in the levy proposed by (petition to) the board of . . . . ., Education District No. . . . ., be approved?”*

*(b) If approved, the amount provided by the approved tax capacity rate applied to the net tax capacity for the year before the year the levy is certified is authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the education district at a later referendum.*

*(c) The education district board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the election to each taxpayer at the address listed on each member district's current year's assessment roll, a notice of the referendum and the proposed levy increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner*

has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the education district.

(d) The notice must include the following statement: "In 1989, the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase. Passage of this referendum will result in an increase in your property taxes."

(e) A referendum on the question of revoking or reducing the increased levy amount authorized under paragraph (a) may be called by the education district board and must be called by the education district board upon the written petition of qualified voters of the education district. A levy approved by the voters of the education district under paragraph (a) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one election may be held to revoke or reduce a levy for any specific year and for later years.

(f) A petition authorized by paragraph (a) or (e) shall be effective if signed by a number of qualified voters in excess of 15 percent of the average number of voters at the two most recent districtwide school elections in all the member school districts. A referendum invoked by petition must be held on the day specified in paragraph (a).

(g) The approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(h) Within 30 days after the education district holds a referendum according to this subdivision, the education district shall notify the commissioner of education of the results of the referendum.

(i) The department shall allocate the amount certified by the education district board under paragraph (a) or subdivision 1 proportionately among the member districts based on net tax capacity. The member districts shall levy the amount allocated.

(j) Each year, a member district shall transfer referendum revenue to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in this subdivision minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

#### Sec. 31. [124B.10] [GENERAL EDUCATION REVENUE.]

*Subdivision 1. [GENERAL EDUCATION REVENUE.]* The general education revenue for an education district that negotiates a collective bargaining agreement under section 10, equals the sum of the education district's basic revenue, compensatory education revenue, training and experience revenue, secondary sparsity revenue, and elementary sparsity revenue.

*Subd. 2. [TRAINING AND EXPERIENCE REVENUE.]* The training and experience index for an education district equals the weighted average of the ratios assigned to the full-time equivalent teachers in the education district.

Sec. 32. [124B.20] [GENERAL EDUCATION LEVY AND AID.]

*Subdivision 1. [GENERAL EDUCATION LEVY.] To obtain general education revenue, an education district with a collective bargaining provision under section 10, may certify to the department of education an amount not to exceed the general education tax capacity rate times the adjusted net tax capacity of the education district for the preceding year. The department of education must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated. The sum of the levies allocated to the member districts is defined as the "general education levy" for an education district. An education district general education levy is subject to the same adjustments as a school district general education levy under chapter 124A.*

*Subd. 2. [REVENUE TRANSFER.] Each year, a member district of an education district that certifies general education revenue for all member districts must transfer general education revenue to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:*

*(1) 50 percent times*

*(2) the amount certified in subdivision 1 minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.*

*Subd. 3. [GENERAL EDUCATION AID.] General education aid equals the general education revenue under section 31, subdivision 1, minus the general education levy under subdivision 1 of this section. General education aid for an education district that certifies revenue under this section must be paid to the education district.*

Sec. 33. Minnesota Statutes 1988, section 275.125, subdivision 4, is amended to read:

*Subd. 4. [MISCELLANEOUS LEVY AUTHORIZATIONS.] (a) A school district may levy the amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by Minnesota Statutes 1974, section 275.125, subdivision 3, clause (7)(C); the amounts necessary for repayment of debt service loans and capital loans; the amounts necessary to pay the district's obligations under section 6.62; the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; ~~and~~ the amounts necessary to pay the district's obligations under section 122.533; and for severance pay required by section 6.*

*(b) An education district that negotiates a collective bargaining agreement for teachers under section 10 may certify to the department of education the amount necessary to pay all of the member districts' obligations and the education district's obligations under section 268.06, subdivision 25.*

*The department of education must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated.*

(c) *Each year, a member district of an education district that levies under this subdivision must transfer the amount of revenue certified under paragraph (b) to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:*

*(1) 50 percent times*

*(2) the amount certified in paragraph (b) minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.*

Sec. 34. Laws 1989, chapter 329, article 6, section 53, subdivision 3, is amended to read:

Subd. 3. [COOPERATION AND COMBINATION AID.] For aid for districts that cooperate and combine there is appropriated:

~~\$75,000~~ \$1,192,000 . . . . 1991.

Sec. 35. [APPROVAL FOR COOPERATION AND COMBINATION OF TWO DISTRICTS.]

*Notwithstanding Minnesota Statutes, section 122.241, subdivision 3, by July 1, 1991, the state board of education may approve the combination of school districts in clause (1) or (2) if the state board determines that the combination would be in the best interests of the pupils of the districts and that no other contiguous district is willing to enter into an agreement under Minnesota Statutes, sections 122.241 to 122.248, with the districts:*

*(1) independent school districts Nos. 21, Audubon, and 24, Lake Park;*

*(2) independent school districts Nos. 597, Erskine, and 603, McIntosh.*

Sec. 36. [ADDITIONAL REVENUE FOR EDUCATION DISTRICT BARGAINING.]

*Subdivision 1. [APPLICATION FOR ADDITIONAL EDUCATION DISTRICT REVENUE.] An education district with a collective bargaining provision under section 10, subdivision 1, may apply to the commissioner of education for additional education district revenue under Minnesota Statutes, section 124.2721, subdivision 2. To apply for additional revenue, the education district board must:*

*(1) submit the plan required under section 10, subdivision 2, for approval to the commissioner of education and the commissioner of mediation services by August 1, 1990; and*

*(2) agree to negotiate collective bargaining agreements for teachers on behalf of all member districts for at least three consecutive two-year periods beginning July 1, 1991.*

*Subd. 2. [APPROVAL FOR ADDITIONAL REVENUE.] The commissioner of education and the commissioner of mediation services may jointly select up to two education districts that apply under subdivision 1 to receive additional education district revenue. The commissioners must make their joint selection based on the history of labor-management relations within the member districts of the education district and the objective of stable and constructive labor-management relations for the future.*

*By August 31, 1990, the commissioner of education must notify each education district that applies for additional revenue under subdivision 1 that*



*the education district:*

*(1) is approved to receive the additional education district revenue;*

*(2) is not approved to receive the additional education district revenue;*  
or

*(3) may submit additional information as requested by the commissioner of education or the commissioner of mediation services.*

*By December 1, 1990, the commissioner of education must notify each education district that submits additional information under clause (3) whether the education district is approved to receive additional education district revenue under Minnesota Statutes, section 124.2721, subdivision 2. An education district jointly selected by the commissioners will receive additional education district revenue under Minnesota Statutes, section 124.2721, subdivision 2, for no more than six years.*

*Subd. 3. [EDUCATION DISTRICT BARGAINING REPORT.] By February 1, 1991, the commissioner of mediation services must report to the legislative commission on employee relations and the education committees of the legislature any changes in law required for an education district to effectively implement education district bargaining under this section.*

Sec. 37. [EFFECTIVE DATE.]

*Sections 1, 2, 7, 13, 16, 17, and 18 are effective the day after their final enactment.*

*Sections 9, paragraph (b), 14, and 15 are retroactively effective July 1, 1989.*

## ARTICLE 7

### OTHER EDUCATION PROGRAMS

Section 1. Minnesota Statutes 1989 Supplement, section 121.111, subdivision 1, is amended to read:

121.111 [OFFICE OF EDUCATIONAL LEADERSHIP]

Subdivision 1. [~~ESTABLISHMENT~~ MAINTAIN OFFICE.] *The commissioner shall maintain an office of educational leadership is established within the department of education. The purpose of the office is to assist school districts, education districts, and other education organizations in developing education policies that maximize the learning of all pupils.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 121.111, subdivision 2, is amended to read:

Subd. 2. [OFFICE STRUCTURE MANAGEMENT.] ~~The assistant commissioner of instructional effectiveness, in consultation with the assistant commissioner of development and partnership effectiveness, shall administer the office of educational leadership.~~ *A director in the unclassified service appointed by the assistant commissioner of instructional effectiveness shall manage the office.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 123.33, subdivision 7, is amended to read:

Subd. 7. *The board shall superintend and manage the schools of the district; adopt rules for their organization, government, and instruction; keep registers; and prescribe textbooks and courses of study. The board*

may ~~arrange~~ enter into an agreement with a post-secondary institution for secondary or post-secondary nonsectarian courses ~~for to be taught at a secondary pupils that are offered by a post-secondary institution school or a nonsectarian post-secondary institution.~~

Sec. 4. Minnesota Statutes 1988, section 123.36, subdivision 5, is amended to read:

Subd. 5. The board may authorize the use of any schoolhouses in the district for divine worship, Sunday schools, public meetings, elections, *post-secondary instruction*, and ~~such~~ other community purposes ~~as that~~, in its judgment, will not interfere with their use for school purposes; ~~but~~. Before permitting ~~such use any of these uses~~, the board may require a cash or corporate surety bond in a reasonable amount conditioned for the proper use of ~~such the schoolhouse, the payment of all rent, and the repair of all damage occasioned by such the use, and~~. It may *determine a reasonable charge and collect for the use of the district from the persons using such the schoolhouse such reasonable compensation as it may fix.*

It may authorize the use of any schoolhouses or buildings ~~in and of owned or leased by the district for the holding of primaries, elections, registrations, and all action in connection therewith in such manner as in its judgment, related activities if the board determines that the use will not interfere with their use for school purposes.~~ It may impose ~~such~~ reasonable regulations and conditions upon ~~such the use as may seem necessary and proper.~~

Sec. 5. Minnesota Statutes 1988, section 123.9361, is amended to read:

123.9361 [ADMINISTRATIVE COSTS.]

Each year, a school district or intermediary service area may claim and receive from the department of education an additional sum for the ~~actual cost of administration of sections 123.933 and 123.935, which shall not exceed an amount~~ equal to five percent of the district's or area's allocation for that year pursuant to those sections.

Sec. 6. Minnesota Statutes 1988, section 123.947, is amended to read:

123.947 [RESTRICTIONS TO PREVENT IMPROPER USE OF INDIVIDUALIZED INSTRUCTIONAL MATERIALS.]

(a) The department of education shall assure that *textbooks and* individualized instructional materials loaned to nonpublic school pupils are secular, neutral, nonideological and that they are incapable of diversion for religious use.

(b) *Textbooks and* individualized instructional materials shall not be used in religious courses, devotional exercises, religious training or any other religious activity.

(c) *Textbooks and* individualized instructional materials shall be loaned only to individual pupils upon the request of a parent or guardian or the pupil on a form designated for this use by the department of education. The request forms shall provide for verification by the parent or guardian or pupil that the requested *textbooks and* individualized instructional materials are for the use of the individual pupil in connection with a program of instruction in the pupil's elementary or secondary school.

(d) The ~~department of education or the~~ servicing school district or the

intermediary service area shall take adequate measures to ensure an accurate and periodic inventory of all *textbooks* and individualized instructional materials loaned to elementary and secondary school pupils attending non-public schools. The state board of education shall promulgate rules under the provisions of chapter 14 to terminate the eligibility of any nonpublic school pupil if the department or the servicing school district or intermediary service area of education determines, after notice and opportunity for hearing, that the *textbooks* or individualized instructional materials have been used in a manner contrary to the provisions of section 123.932, subdivision 1e, 123.933 or this section or any rules promulgated by the state board of education.

(e) Nothing contained in section 123.932, subdivision 1e, 123.933 or this section shall be construed to authorize the making of any payments to a nonpublic school or its faculty, staff or administrators for religious worship or instruction or for any other purpose.

Sec. 7. [125.188] [ALTERNATIVE PREPARATION LICENSING.]

*Subdivision 1. [REQUIREMENTS.] (a) A preparation program that is an alternative to the post-secondary teacher preparation program as a means to acquire an entrance license is established. The program may be offered in any instructional field.*

*(b) To participate in the alternative preparation program, the candidate must:*

*(1) have a bachelor's degree;*

*(2) pass an examination of skills in reading, writing, and mathematics as required by section 125.05;*

*(3) have been offered a job to teach in a school district, group of districts, or an education district approved by the board of teaching to offer an alternative preparation licensure program;*

*(4)(i) have a college major in the subject area to be taught; or*

*(ii) have five years of experience in a field related to the subject to be taught; and*

*(5) document successful experiences working with children.*

*(c) An alternative preparation license is of one year duration and is issued by the board of teaching to participants on admission to the alternative preparation program.*

*Subd. 2. [CHARACTERISTICS.] The alternative preparation program has the following characteristics:*

*(1) staff development conducted by a resident mentorship team made up of administrators, teachers, and post-secondary faculty members;*

*(2) an instruction phase involving intensive preparation of a candidate for licensure before the candidate assumes responsibility for a classroom;*

*(3) formal instruction and peer coaching during the school year;*

*(4) assessment, supervision, and evaluation of a candidate to determine the candidate's specific needs and to ensure satisfactory completion of the program;*

*(5) a research based and results oriented approach focused on skills*

*teachers need to be effective;*

*(6) assurance of integration of education theory and classroom practices; and*

*(7) the shared design and delivery of staff development between school district personnel and post-secondary faculty.*

*Subd. 3. [PROGRAM APPROVAL.] (a) The board of teaching shall approve alternative preparation programs based on criteria adopted by the board, after receiving recommendations from an advisory task force appointed by the board.*

*(b) An alternative preparation program at a school district, group of schools, or an education district must be affiliated with a post-secondary institution that has a teacher preparation program.*

*Subd. 4. [APPROVAL FOR STANDARD ENTRANCE LICENSE.] The resident mentorship team must prepare for the board of teaching an evaluation report on the performance of the alternative preparation licensee during the school year and a positive or negative recommendation on whether the alternative preparation licensee shall receive a standard entrance license.*

*Subd. 5. [STANDARD ENTRANCE LICENSE.] The board of teaching shall issue a standard entrance license to an alternative preparation licensee who has successfully completed the school year in the alternative preparation program and who has received a positive recommendation from the licensee's mentorship team.*

*Subd. 6. [QUALIFIED TEACHER.] A person with a valid alternative preparation license is a qualified teacher within the meaning of section 125.04.*

Sec. 8. Minnesota Statutes 1988, section 125.231, subdivision 6, is amended to read:

*Subd. 6. [REPORT TO THE LEGISLATURE.] By January 1, ~~1988~~ 1991, the commissioner of education shall report to the legislature on how the teacher mentoring task force recommendations for a system of incentives are being implemented at the state and local level to assure that highly capable individuals are attracted to and retained in the teaching profession and shall recommend ways to expand and enhance the responsibilities of teachers.*

*By January 1 of ~~1989~~ and 1990 and 1991, the commissioner of education shall report to the legislature on the design, development, implementation, and evaluation of the mentorship program.*

Sec. 9. Minnesota Statutes 1989 Supplement, section 129.128, is amended to read:

**129.128 [COMMISSIONER TO REPORT ON LEAGUE TO LEGISLATURE.]**

**Subdivision 1. [~~ANNUALLY~~ ANNUAL REPORT.]** The commissioner of education must report to the legislature before each regular session on the activities of the league. *The report must contain at least:*

*(1) an accurate and concise summary of the annual financial and compliance audit prepared by the state auditor that includes information about the compensation of and the expenditures by the executive director of the*

*league and league staff;*

*(2) a list of all complaints filed with the league and all lawsuits filed against the league and the disposition of those complaints and lawsuits;*

*(3) an explanation of the executive director's performance review;*

*(4) information about the extent to which the league has implemented its affirmative action policy, its comparable worth plan, and its sexual harassment and violence policy and rules; and*

*(5) an evaluation of any proposed changes in league policy.*

Subd. 2. [~~URGE NEEDED LAWS~~ RECOMMEND LAWS.] The commissioner must recommend to the legislature whether any legislation is made necessary by league activities.

Sec. 10. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 6i, is amended 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 ~~a gross tax capacity rate of .80 percent times the adjusted gross tax capacity of the district for taxes payable in 1990~~ or a net tax capacity rate of ~~4.0~~ 2.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. 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. 11. Minnesota Statutes 1989 Supplement, section 298.28, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] (a) 27.5 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c).

(b) 5.5 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts in which the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount

received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values that is less than the amount of its levy reduction under section 275.125, subdivision 9, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) ~~\$150~~ \$175 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 0.04231 percent times the district's taxable market value in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 124A.03, subdivision 2, in the previous year, to the product of 0.04231 percent times the district's taxable market value in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of ~~\$150~~ \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

*Each district receiving money according to this paragraph shall reserve \$25 times the number of pupil units in the district. It may use the money only for outcome-based learning programs that enhance the academic quality of the district's curriculum. The programs must be approved by the commissioner of education.*

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

Sec. 12. Laws 1984, chapter 463, article 6, section 15, subdivision 2, is amended to read:

Subd. 2. [USE OF PROCEEDS.] ~~The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.~~ (a) *Independent school district No. 712, Mountain Iron-Buhl, shall establish on July 1, 1990, a reserved account in the general fund. The balance in the account shall equal the unreserved undesignated fund balance in the operating funds as of June 30, 1990, plus the total unreserved fund balance in the operating funds as of July 30, 1985, plus all levy proceeds authorized under subdivision 1, as amended. In fiscal year 1991 and each year thereafter, the balance in this account shall be adjusted by the levy authorized in subdivision 1.*

(b) *The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.*

Sec. 13. Laws 1989, chapter 329, article 6, section 53, subdivision 6, is amended to read:

Subd. 6. [TELECOMMUNICATIONS GRANT.] ~~For a grant grants of up to \$20,000 each to independent school districts Nos. 356, 353, 444, 441, 524, 564, 592, 440, 678, 676, 682, 690, 390, 593, 595, 630, and 600, 599, 447, 742, 627, 628, and 454 to support a cooperative educational technology program programs:~~

\$340,000 . . . . . ~~1990~~ 1991.

Sec. 14. Laws 1989, chapter 329, article 7, section 24, subdivision 6, is amended to read:

Subd. 6. [CAREER TEACHER AID.] For career teacher aid:

~~\$1,000,000~~ \$750,000 . . . . . 1990

This appropriation is available until June 30, 1991.

*Notwithstanding Minnesota Statutes 1989 Supplement, section 124.276, subdivision 2, the amount available for fiscal year 1991 may be used for the increased district contribution to the teachers' retirement association and to FICA resulting from the portion of the teaching contract that is in addition to the standard teaching contract of the district.*

*Up to \$5,000 may be used for the state career teacher task force.*

Sec. 15. Laws 1989, chapter 329, article 11, section 15, subdivision 2, is amended to read:

Subd. 2. [TEACHER MENTORSHIP.] (a) ~~For grants~~ To develop mentoring programs in school districts according to Minnesota Statutes, section 125.231:

\$250,000 . . . . . 1990

\$250,000 . . . . . 1991

Any unexpended balance in the first year does not cancel and is available for the second year.

(b) *Of the amounts in paragraph (a), \$110,000 each year is to provide approximately \$10,000 each year for each existing demonstration site to refine its program and disseminate services and materials to schools that are interested in developing a mentoring program. The demonstration sites must provide exemplary mentoring processes and assist the department of*

*education in working with new sites that are planning to adopt or adapt specific mentorship programs or components of those programs. The department shall encourage cooperation with career teacher programs.*

*(c) Of the amounts in paragraph (a), \$90,000 each year is for start-up money of up to \$5,000 each for a minimum of 18 new districts or groups of districts to adopt or adapt an existing mentorship program for five or more probationary teachers. The criteria and process in Minnesota Statutes, section 125.231, subdivisions 3 and 4, must be used. Participants from the adoption grant sites must attend regional and statewide training sessions and visit and collaborate with the exemplary sites.*

*(d) Of the amounts in paragraph (a), \$50,000 each year is to evaluate the program, to put on regional and statewide events, including conferences, seminars, and for meetings to provide staff development and technical assistance for district teams funded to adopt or adapt components implemented by existing pilot sites. The events must be available to districts interested in developing a mentorship program without applying for an adoption grant. The department may contract with districts having exemplary sites and others to develop guidelines and materials and provide staff development. Fees may be charged for meals, materials, and the like.*

Sec. 16. Laws 1989, chapter 329, article 11, section 15, subdivision 12, is amended to read:

Subd. 12. [ACADEMIC EXCELLENCE FOUNDATION.] For the academic excellence foundation according to Minnesota Statutes, section 121.612:

\$160,000 . . . . . 1990

\$160,000 . . . . . 1991

Up to \$50,000 each year is contingent upon the ~~department's receipt~~ match of \$1 in the previous year from private sources consisting of either direct monetary contributions or in-kind contributions of related goods or services, for each \$1 of the appropriation. The commissioner of education must certify receipt of the money or documentation for the private matching funds or in-kind contributions. The unencumbered balance from the amount actually appropriated from the contingent amount in 1990 does not cancel but is available in 1991. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.

Sec. 17. Laws 1989, chapter 329, article 11, section 16, subdivision 2, is amended to read:

Subd. 2. [FACULTY EXCHANGE.] For expenses incurred by ~~elementary and secondary teachers participating~~ participants in the faculty education exchange:

\$25,000 . . . . . 1990

This appropriation is available until June 30, 1991.

Sec. 18. Laws 1989, chapter 329, article 11, section 17, subdivision 2, is amended to read:

Subd. 2. [FACULTY EXCHANGE.] For expenses incurred by ~~elementary and secondary teachers participating~~ participants in the faculty education exchange:

\$25,000 . . . . . 1990



The appropriation is available until June 30, 1991.

Sec. 19. [SHAKOPEE; 1991 AID CALCULATIONS.]

*Subdivision 1. [ADJUSTMENTS.] For purposes of determining state aids for taxes payable in 1991, the fiscal disparity prior year adjustments in the city of Shakopee for taxes payable years 1986, 1987, and 1988 shall not be recognized.*

*Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective the day following compliance by the Shakopee city council with Minnesota Statutes, section 645.021, subdivision 2.*

Sec. 20. [1989-1990 ABATEMENT AID.]

*If a district qualifies for:*

*(1) general education aid for fiscal year 1990 only because of Laws 1989, chapter 329, article 1, section 6; or*

*(2) early childhood family education aid for fiscal year 1990 only because of Laws 1989, chapter 329, article 4, section 11; or*

*(3) community education aid only because of Laws 1989, chapter 329, article 4, section 12, subdivision 3a;*

*it does not qualify for abatement aid for fiscal year 1990 under Minnesota Statutes, section 124.214, subdivision 2.*

Sec. 21. [SCHOOL OF EXCELLENCE.]

*The board of directors of the Minnesota academic excellence foundation shall include in its 1991 annual report to the education committees of the legislature recommendations for making available to schools and districts statewide, a Minnesota school of excellence program that contains the following components:*

*(1) state standards of excellence;*

*(2) criteria for showing improvement in academic performance over time by schools or districts participating in the program;*

*(3) a detailed cost analysis of the program;*

*(4) an external review process to verify the contents of an application submitted by a participating school or district; and*

*(5) a funding mechanism for permitting participating schools or districts to assist other schools or districts interested in participating in the program.*

Sec. 22. [BOARD OF TEACHING APPROPRIATION.]

*Subdivision 1. [BOARD OF TEACHING.] The sums indicated in this section are appropriated from the general fund to the board of teaching in the fiscal year indicated.*

*Subd. 2. [MENTORSHIP SITE GRANTS.] For grants for operating cooperative ventures between school district and post-secondary teacher preparation institutions:*

*\$150,000 . . . . . 1991*

*An application for a grant must be made by the cooperative. The funds must be used primarily to pay for coordination, instruction, and evaluation*

*provided by the resident mentorship team.*

*Subd. 3. [FELLOWSHIP GRANTS.] For fellowship grants to highly qualified minorities seeking alternative preparation for licensure:*

*\$50,000 . . . . . 1991*

*A grant is not to exceed \$5,000 with one-half paid each year for two years. Grants must be awarded on a competitive basis by the board. Grant recipients must agree to remain as teachers in the district for two years if they satisfactorily complete the alternative preparation program and if their contracts as probationary teachers are renewed.*

**Sec. 23. ["WAY TO GROW" APPROPRIATION.]**

*\$100,000 is appropriated in fiscal year 1991 from the general fund to the commissioner of state planning to award up to three grants under Minnesota Statutes, section 145.926. The grants must go to eligible applicants located outside the seven-county metropolitan area. Grant recipients must coordinate their programs with existing community-based programs serving children prebirth to age five. Grant recipients may use up to two percent of this appropriation for administrative costs.*

*This appropriation must not be used to establish a larger annual base appropriation for fiscal year 1992 and after.*

**Sec. 24. [DEPARTMENT OF EDUCATION APPROPRIATIONS.]**

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

*Subd. 2. [GRANTS FOR COOPERATIVE DESEGREGATION.] For grants to develop interdistrict school desegregation programs:*

*\$200,000 . . . . . 1991.*

*The commissioner of education shall award grants to school districts to develop pilot interdistrict cooperative programs to reduce segregation, as defined in Minnesota Rules, part 3535.0200, subpart 4, in school buildings.*

*To obtain a grant, a district that is required to submit a plan under Minnesota Rules, part 3535.0600, with the assistance of at least one adjacent district that is not required to submit a plan, shall submit an application to the commissioner.*

*The application shall contain a plan for:*

*(1) activities such as staff development, curriculum development, student leadership, student services, teacher and student exchanges, interdistrict meetings, and orientation for school boards, parents, and the community;*

*(2) implementation of the activities in clause (1) before possible student transfers occur; and*

*(3) possible voluntary transfer of students between districts beginning with the 1991-1992 school year.*

*A grant recipient shall submit a report about its activities and recommendations to the commissioner by December 31, 1990. The commissioner shall submit a report about the program to the education committees of the legislature by February 1, 1991.*

*Subd. 3. [CHISHOLM SCHOOL DISTRICT GRANT.] For a grant for a*

*leadership program in independent school district No. 695, Chisholm:*

*\$30,000 . . . . 1991.*

Sec. 25. [EFFECTIVE DATE.]

*Subdivision 1. Section 5 is retroactively effective July 1, 1989.*

*Subd. 2. Sections 1, 2, 7, 14, 15, 16, 17, 18, and 20 are effective the day following final enactment.*

*Subd. 3. Section 12 is effective the day after compliance by the school board of independent school district No. 712 with Minnesota Statutes, section 645.021.*

## ARTICLE 8

### MISCELLANEOUS

Section 1. Minnesota Statutes 1989 Supplement, section 6.65, is amended to read:

6.65 [MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED.]

The state auditor shall prescribe minimum procedures and the audit scope for auditing the books, records, accounts, and affairs of local governments in Minnesota. The minimum scope for audits of all local governments must include financial and legal compliance audits for fiscal years ending after January 15, 1984. *Audits of all school districts shall include a determination of compliance with uniform financial accounting and reporting standards adopted by the state board of education according to section 121.902, subdivision 1.* The state auditor shall establish a task force to promulgate an audit guide for legal compliance audits. The task force must include representatives of the state auditor, the attorney general, towns, cities, counties, school districts, and private sector public accountants.

Sec. 2. Minnesota Statutes 1989 Supplement, 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) commissioner 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 referee 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, *legislative analyst*, or attorney in the office of senate *counsel and research*, ~~senate counsel~~, or house research;

(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;

(p) the commissioner of gaming and director of each division in the department of gaming and the deputy director of the division of state lottery;  
OF

(q) director of the division of gambling enforcement in the department of public safety;

(r) member or executive director of the higher education facilities authority; or

(s) member of the board of directors or president of the Minnesota world trade center corporation.

Sec. 3. Minnesota Statutes 1989 Supplement, section 119.04, subdivision 3, is amended to read:

Subd. 3. [SALE OF CORPORATION.] The board of directors may sell all, substantially all, or part of the assets or any of the ownership of the corporation *at a price and according to terms, approved by the commissioner of finance, that assure maximum benefit to the state of Minnesota.* When any part is sold, the board shall transfer the assets or ownership that is sold to the purchaser. Upon the sale of all or substantially all of the assets or ownership of the corporation, the board of directors shall dispose of any remaining assets and dissolve the corporation.

Sec. 4. Minnesota Statutes 1989 Supplement, section 121.612, subdivision 3, is amended to read:

Subd. 3. [BOARD OF DIRECTORS.] The board of directors of the foundation shall consist of the commissioner of education, a member of the state board of education selected by the state board who shall serve as chair and ~~15~~ 20 members to be appointed by the governor. Of the ~~15~~ 20 members appointed by the governor, ~~six~~ eight shall represent ~~various~~ a variety of education groups and ~~nine~~ 12 shall represent ~~various~~ a variety of business groups. The commissioner of education shall serve as secretary for the board of directors and provide administrative support to the foundation. An executive committee of the foundation board composed of the board officers and chairs of board committees, may only advise and make recommendations to the foundation board.

Sec. 5. Minnesota Statutes 1989 Supplement, section 121.612, subdivision 5, is amended to read:

Subd. 5. [POWERS AND DUTIES.] The foundation may:

- (1) establish and collect membership fees;
- (2) publish brochures or booklets relating to the purposes of the foundation and collect reasonable fees for the publications;
- (3) receive money ~~and~~, grants, *and in-kind goods or services* from non-state sources for the purposes of the foundation;
- (4) contract with consultants; and
- (5) expend money for awards and other forms of recognition and appreciation.

Sec. 6. Minnesota Statutes 1988, section 121.908, subdivision 3, is amended to read:

Subd. 3. By December 31 of the calendar year of the submission of the unaudited financial statement, the district shall provide to the commissioner and state auditor an audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited statement. *The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance.*

Sec. 7. Minnesota Statutes 1989 Supplement, section 121.912, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] Except as provided in this subdivision, sections 121.9121, 123.36, 124.243, 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 according to section 123.705, subdivision 1, or 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~~ *must* be made, *on June 30 of the fiscal year that the operation is discontinued*, from the fund balance account entitled "pupil transportation fund reserved for bus purchases" to the capital expenditure fund; ~~with the approval of the commissioner~~. The sum of the levies authorized pursuant to sections 124.243, 124.244, and 124.83 shall be reduced by an amount equal to the amount transferred. Any school district may transfer any amount from the undesignated fund balance account in its transportation fund to any other operating fund or to the reserved fund balance account for bus purchases in its transportation fund.

Sec. 8. Minnesota Statutes 1988, section 121.917, subdivision 4, is amended to read:

Subd. 4. (1) If the net negative undesignated fund balance in all the funds of a school district, other than statutory operating debt pursuant to section 121.914, capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational technical education funds, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts, as of June 30 each year, is

more than 2-1/2 percent of the year's expenditure amount, the district shall, prior to September 15, submit a special operating plan to reduce the district's deficit expenditures to the commissioner of education for approval. *The commissioner may also require the district to provide evidence that the district meets and will continue to meet all of the curriculum requirements of the state board.*

Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved by the commissioner shall not receive any aid pursuant to ~~chapter~~ *chapters 124 and 124A* until a special operating plan of the district is so approved.

(2) A district shall receive aids pending the approval of its special operating plan under clause (1). A district which complies with its approved operating plan shall receive aids as long as the district continues to comply with the approved operating plan.

Sec. 9. Minnesota Statutes 1988, section 121.931, subdivision 6, is amended to read:

Subd. 6. [DATA STANDARDS.] The state board shall adopt rules containing standards for financial, property, student and personnel/payroll data and any other data included in ESV-IS. For financial data, the uniform financial accounting and reporting standards adopted pursuant to section 121.902, subdivision 1, shall satisfy the requirement of this subdivision. For property data, the uniform property accounting and reporting standards adopted ~~pursuant to section 121.902, subdivision 1a~~ *by the state board* shall satisfy the requirement of this subdivision. The state board shall consider the recommendations of the advisory task forces on uniform data standards for student reporting and personnel/payroll reporting and the ESV computer council in adopting the standards for student data and personnel/payroll data. The state board shall ensure that the standards for different types of data are consistent with each other, and for this purpose shall consider the recommendations of the advisory task forces on uniform data standards for student reporting and personnel/payroll reporting, the advisory council on uniform financial accounting and reporting standards, and the ESV computer council. The data standards for each type of data shall include:

- (a) A standard set of naming conventions for data elements;
- (b) A standard set of data element definitions; and
- (c) A standard transaction processing methodology which uses the defined data elements, specifies mathematical computations on those data elements and specifies output formats.

~~The state board, with the advice and assistance of the ESV computer council, shall monitor and enforce compliance with the data standards.~~

Sec. 10. Minnesota Statutes 1988, section 121.931, is amended by adding a subdivision to read:

*Subd. 6a. [DATA STANDARD COMPLIANCE.] The department shall monitor and enforce compliance with the data standards. For financial accounting data and property accounting data, the department shall develop statistically based tests to determine data quality. The department shall annually test the data submitted by districts or regional centers and determine which districts submit inaccurate data. The department shall require*

*these districts to review the data in question and, if found in error, to submit corrected data.*

Sec. 11. Minnesota Statutes 1988, section 121.935, is amended by adding a subdivision to read:

*Subd. 1a. [CENTER FOR DISTRICTS WITH ALTERNATIVE SYSTEMS.] Districts that operate alternative systems approved by the state board according to section 121.936 may create one regional management information center under section 471.59. The center shall have all of the powers authorized under section 471.59. Only districts that operate approved alternative systems may be members of the center. Upon receiving the approval of the state board to operate an alternative system, a district may become a member of the center.*

*Each member of the center board shall be a current member of a member school board.*

*The center board may purchase or lease equipment. It may not employ any staff but may enter into a term contract for services. A person providing services according to a contract with the center board is not a state employee.*

*The center shall perform the duties required by subdivision 2, except clauses (c), (d), and (g). The department shall provide the center all services that are provided to regional centers formed under subdivision 1, including transferring software and providing accounting assistance.*

Sec. 12. Minnesota Statutes 1988, section 121.935, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] Every regional management information center shall:

(a) Assist its affiliated districts in complying with the reporting requirements of the annual data acquisition calendar and the rules of the state board of education;

(b) Respond within 15 calendar days to requests from the department for district information provided to the region for state reporting of information, based on the data elements in the data element dictionary;

(c) Operate financial management information systems consistent with the uniform financial accounting and reporting standards for Minnesota school districts adopted by the state board pursuant to sections 121.90 to 121.917;

(d) Make available to districts the opportunity to participate fully in all the subsystems of ESV-IS;

(e) ~~Before July 1, 1981,~~ Develop and maintain a plan for the provision of to provide services during a system failure or a disaster;

(f) Comply with the requirement in section 121.908, subdivision 2, on behalf of districts affiliated with it; and

(g) Operate fixed assets property management information systems consistent with the uniform property accounting and reporting standards for Minnesota technical institutes adopted by the state board pursuant to section 121.902, subdivision 1a.

Sec. 13. Minnesota Statutes 1988, section 121.935, subdivision 5, is amended to read:

Subd. 5. [REGIONAL SUBSIDIES.] In any year when a regional management information center's annual plan and budget are approved pursuant to subdivision 3, the center shall receive a regional reporting subsidy grant from the department of education. The subsidy grant shall be in the amount allocated by the state board in the process of approving the annual budgets of the regional management information centers pursuant to subdivision 3. The amounts of the subsidy grants and an explanation of the allocation decisions shall be filed by the state board with the ~~committees on education and finance of the senate and the committees on education and appropriations of the house of representatives legislature.~~

~~For subsidy grants for fiscal year 1981 and for each fiscal year thereafter, When determining the amount of a subsidy grant, the state board is encouraged to recognize that the diversity of regional management information centers precludes a formula-based allocation of subsidy grants; to promote equity and access to regional services in the allocation process; and to shall consider the following factors:~~

- (a) The number of students in districts affiliated with the center;
- (b) The number of districts affiliated with the center;
- (c) Fixed and overhead costs to be incurred in operating the regional center, the finance subsystem, the payroll/personnel subsystem, and the student support subsystem;
- (d) Variable costs to be incurred ~~which that~~ differ in proportion to the number of districts served and the number of subsystems implemented for those districts;
- (e) Services provided to districts ~~which that~~ enable the districts to meet state reporting requirements;
- (f) The cost of meeting the reporting requirements of subdivision 2 for districts using approved alternative management information systems; and
- (g) The number of districts affiliated with a regional management information center in relation to the geographic area occupied by those districts.

Sec. 14. Minnesota Statutes 1988, section 121.936, subdivision 2, is amended to read:

Subd. 2. [ALTERNATIVE MANAGEMENT INFORMATION SYSTEMS.] A district may be exempted from the requirement in subdivision 1, clause (b)(2), if it receives the approval of the state board to use another financial management information system. A district permitted before July 1, 1980, to submit its financial transactions in summary form to a regional management information center pursuant to subdivision 1 may continue to submit transactions in the approved form without obtaining the approval of the state board pursuant to this subdivision. A district may be exempted from the requirement in subdivision 1a, clause (b), if it receives the approval of the state board to use an alternative fixed assets property management information system. Any district desiring to use another management information system shall submit a detailed proposal to the state board; ~~and the ESV computer council and the regional management information center with which it is affiliated.~~ The detailed proposal shall include a statement of all costs to the district, regional management information center or state for software development or operational services needed to provide data to the regional management information center pursuant to the data acquisition calendar.



Sec. 15. Minnesota Statutes 1988, section 121.936, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE MANAGEMENT INFORMATION SYSTEMS; EVALUATION.] ~~The regional management information center shall evaluate the district proposal according to the approval criteria in section 121.937, subdivision 1. The regional management information center shall submit its evaluation of the district proposal to the state board and the ESV computer council for their consideration in evaluating the proposal.~~

The ESV computer council shall evaluate the district proposal according to the approval criteria in section 121.937, subdivision 1, clauses (a), (b), and (d). Upon completion of the evaluation, the ESV computer council shall recommend to the state board that it (a) approve the proposal, (b) disapprove the proposal, or (c) approve the proposal if it is modified by the district in ways ~~which~~ *that* are specified by the council.

Sec. 16. Minnesota Statutes 1988, section 122.23, subdivision 9, is amended to read:

Subd. 9. If the approved plat contains land area in more than one independent district maintaining a secondary school, or common district maintaining a secondary school, and if each board entitled to act on the plat approves the plat, each board shall cause notice of its action to be published at least once in its official newspaper. *If all of the school boards entitled to act on the plat call, by resolution, for an election on the question, or if five percent of the eligible voters of any such district petition the clerk of the district, within 30 days after the publication of the notice, for an election on the question, the consolidation shall not become effective until approved by a majority vote in the district at an election held in the manner provided in subdivisions 11, 12, and 13.*

Sec. 17. Minnesota Statutes 1988, section 122.23, subdivision 11, is amended to read:

Subd. 11. Upon an election becoming callable under provisions of subdivision 9 or 10, ~~the county auditor school board~~ shall give ten days' posted notice of election in the area in which the election is to be held and also if there be a newspaper published in the area, one weeks' published notice shall be given. The notice shall specify the time, place and purpose of the election.

Sec. 18. Minnesota Statutes 1988, section 122.23, subdivision 12, is amended to read:

Subd. 12. ~~The county auditor school board~~ shall determine the date of the election, the number of boundaries of voting precincts, and the location of the polling places where voting shall be conducted, and the hours the polls will be open. ~~The county auditor school board~~ shall also provide official ballots which shall be used exclusively and shall be in the following form:

For consolidation . . . . .

Against consolidation . . . . .

The ~~county auditor school board~~ shall appoint three election judges for each polling place who shall act as clerks of election. The ~~county school board~~ may pay these election judges not to exceed \$1 per hour. The ballots and results shall be certified to the ~~county auditor school board~~ who shall

canvass and tabulate the total vote cast for and against the proposal.

Sec. 19. Minnesota Statutes 1988, section 122.23, subdivision 13, is amended to read:

Subd. 13. If a majority of the votes cast on the question at the election approve the consolidation, and if the necessary approving resolutions of boards entitled to act on the plat have been adopted, the *school board shall, within ten days of the election, notify the county auditor who shall, within ten days of the election notice or of the expiration of the period during which an election can be called, issue an order setting a date for the effective date of the change. The effective date shall be at least three months after the day when the date must be set, and shall be July 1 of an odd-numbered year, unless an even-numbered year is agreed upon according to subdivision 13a.* The auditor shall mail or deliver a copy of such order to each auditor holding a copy of the plat and to the clerk of each district affected by the order and to the commissioner. *The school board shall similarly notify the county auditor if the election fails.* The proceedings are *then* terminated and the county auditor shall so notify the commissioner and the auditors and the clerk of each school district affected.

Sec. 20. Minnesota Statutes 1988, section 123.33, subdivision 1, is amended to read:

Subdivision 1. The care, management, and control of independent districts shall be vested in a board of directors, to be known as the school board. The term of office of a member shall be three years and until a successor qualifies. The membership of the school board shall consist of six elected directors together with such ex officio member as may be provided by law. But the board may submit to the electors at any school election the question whether the board shall consist of seven members and if a majority of those voting on the proposition favor a seven member board, a seventh member shall be elected at the next election of directors for a three-year term and thereafter the board shall consist of seven members.

*Those districts with a seven member board may submit to the electors at any school election at least 150 days before the next election of three members of the board the question whether the board shall consist of six members. If a majority of those voting on the proposition favor a six member board instead of a seven member board, two members instead of three members shall be elected at the next election of the board of directors and thereafter the board shall consist of six members.*

Sec. 21. Minnesota Statutes 1988, section 123.34, subdivision 9, is amended to read:

Subd. 9. [SUPERINTENDENT.] All districts maintaining a classified secondary school shall employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent shall be vested in the school board in all cases. *An individual employed by a school board as a superintendent shall have an initial employment contract for a period of time no longer than four years from the date of employment. The initial employment contract must terminate on June 30 of an odd-numbered year. Any subsequent employment contract between a school board and the same individual to serve as a superintendent may not extend beyond June 30 of the next odd-numbered year. A school board may or may not renew, at its discretion, an initial employment contract or a subsequent employment contract. A school board*

may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 125.12, subdivision 6 or 8. A superintendent shall not rely upon an employment contract with a school board to assert any other continuing contract rights in the position of superintendent under section 125.12. Notwithstanding the provisions of sections 122.532, 122.541, 125.12, subdivision 6a or 6b, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on seniority or order of employment in any district. If two or more school districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on seniority or order of employment in a contracting district. An individual who holds a position as superintendent in one of the contracting districts, but is not selected to perform the services, may be placed on unrequested leave of absence or may be reassigned to another available position in the district for which the individual is licensed. The superintendent of a district shall perform the following:

- (a) (1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;
- (b) (2) recommend to the board employment and dismissal of teachers;
- (c) (3) superintend school grading practices and examinations for promotions;
- (d) (4) make reports required by the commissioner of education; and
- (e) (5) perform other duties prescribed by the board.

Sec. 22. Minnesota Statutes 1988, section 123.34, subdivision 10, is amended to read:

Subd. 10. Each *public school building or unit of classification*, as ~~designated~~ defined by section 120.05, subdivision 4 2, clauses (1), (2) and (3), in an independent school district shall be under the supervision of a principal who is assigned to that responsibility by the board of education in that school district upon the recommendation of the superintendent of schools of that school district.

Each principal assigned the responsibility for the supervision of a school building ~~or units of classification~~ shall hold valid certification in the assigned position of supervision and administration as established by the rules of the state board of education.

The principal shall provide administrative, supervisory and instructional leadership services, under the supervision of the superintendent of schools of the school district and in accordance with the policies, rules and regulations of the board of education, for the planning, management, operation and evaluation of the education program of the building or buildings to which the principal is assigned.

Sec. 23. Minnesota Statutes 1988, section 123.36, subdivision 10, is amended to read:

Subd. 10. (a) The board may lease to any person, business, or organization a schoolhouse that is not needed for school purposes ~~to any person or~~

~~organization~~, or part of a schoolhouse that is not needed for school purposes if the board determines that leasing part of a schoolhouse does not interfere with the educational programs taking place in the rest of the building. The board may charge and collect reasonable consideration for the lease and may determine the terms and conditions of the lease.

(b) In districts with outstanding bonds, the net proceeds of the lease shall be first deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds that is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property that is leased. Any remaining net proceeds in these districts may be deposited in either the debt redemption fund or capital expenditure fund. All net proceeds of the lease in districts without outstanding bonds shall be deposited in the capital expenditure fund of the district.

(c) The board may make capital improvements, *including fixtures*, to a schoolhouse or a portion thereof, not exceeding in cost the replacement value of the schoolhouse, to facilitate its rental, and the lease of an improved schoolhouse, *or part of it*, shall provide for rentals which will recover the cost of the improvements over the initial term of the lease. Notwithstanding clause (b), the portion of the rentals representing the cost of the improvements shall be deposited in the capital expenditure fund of the district and the balance of the rentals shall be used as provided in clause (b).

Sec. 24. Minnesota Statutes 1988, section 123.37, subdivision 1, is amended to read:

Subdivision 1. No contract for work or labor, or for the purchase of furniture, fixtures, or other property, except books registered under the copyright laws, or for the construction or repair of school houses, the estimated cost or value of which shall exceed that specified in section 471.345, subdivision 3, shall be made by the school board without first advertising for bids or proposals by two weeks' published notice in the official newspaper. This notice shall state the time and place of receiving bids and contain a brief description of the subject matter.

Additional publication in the official newspaper or elsewhere may be made as the board shall deem necessary.

After taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids, every such contract shall be awarded to the lowest responsible bidder, be duly executed in writing, and be otherwise conditioned as required by law. The person to whom the contract is awarded shall give a sufficient bond to the board for its faithful performance. *Notwithstanding section 574.26 or any other law to the contrary, on a contract limited to the purchase of a finished tangible product, a school board may require, at its discretion, a performance bond of a contractor in the amount the board considers necessary.* A record shall be kept of all bids, with names of bidders and amount of bids, and with the successful bid indicated thereon. A bid containing an alteration or erasure of any price contained in the bid which is used in determining the lowest responsible bid shall be rejected unless the alteration or erasure is corrected as herein provided. An alteration or erasure may be crossed out and the correction thereof printed in ink or typewritten adjacent thereto and initialed in ink by the person signing the bid. In the case of identical low bids from two or more bidders, the board may, at its discretion, utilize 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. In the case where only a single bid is received, the board may, at its discretion, negotiate a mutually agreeable contract with the bidder so long as the price paid does not exceed the original bid. If no satisfactory bid is received, the board may readvertise. Standard requirement price contracts established for supplies or services to be purchased by the district shall be established by competitive bids. Such 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. Either party to the contract may request that the other party demonstrate such increase or decrease. The term of such contracts shall not exceed two years with an option on the part of the district to renew for an additional two years. Provided that in the case of purchase of perishable food items except milk for school lunches and vocational training programs a contract of any amount may be made by direct negotiation by obtaining two or more written quotations for the purchase or sale, when possible, without advertising for bids or otherwise complying with the requirements of this section or section 471.345, subdivision 3. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof.

Every contract made without compliance with the provisions of this section shall be void. Provided, that in case of the destruction of buildings or injury thereto, where the public interest would suffer by delay, contracts for repairs may be made without advertising for bids.

Sec. 25. Minnesota Statutes 1988, section 123.38, subdivision 2b, is amended to read:

Subd. 2b. The board may take charge of and control all extra curricular activities of the teachers and children of the public schools in the district. Extra curricular activities shall mean all direct and personal services for public school pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. Extra curricular activities have all of the following characteristics:

- (a) They are not offered for school credit nor required for graduation;
- (b) They are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;
- (c) The content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

If the board does not take charge of and control extra curricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions or other student fundraising events; ~~moreover, the general fund or the technical institutes fund, if applicable, shall reflect only those salaries directly related to and readily identified with the activity and paid by public funds and other revenues and expenditures for extra curricular activities shall be recorded pursuant to the "Manual of Instructions for Uniform Student Activities Accounting for Minnesota School Districts."~~ If the board takes charge of and controls extra curricular activities, any or all costs of these activities may be provided from school revenues ~~and~~. All revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district. If the board takes charge of and controls extra curricular activities, no such activity shall be participated in

by the teachers or pupils in the district, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Sec. 26. Minnesota Statutes 1988, section 124.195, is amended by adding a subdivision to read:

*Subd. 12. [DELAY OF PAYMENTS.] A district must submit financial data according to section 121.936, subdivision 1, that is consistent with the audited financial statement required by section 121.908, subdivision 3. If the corrected data has not been submitted by June 30 following the date it is required to be submitted, the commissioner shall delay payments made according to subdivision 3 until the district submits the corrected data. If the commissioner determines that the submission of the corrected data is delayed because of circumstances beyond the district's control, the commissioner may extend the June 30 deadline.*

Sec. 27. Minnesota Statutes 1989 Supplement, section 124.6472, subdivision 2, is amended to read:

*Subd. 2. [EXEMPTION.] Subdivision 1 does not apply to a school in which fewer than 25 pupils are expected to take part in the program. It also does not apply to a school district that does not participate in the national school lunch program.*

Sec. 28. Minnesota Statutes 1989 Supplement, section 124A.22, subdivision 2a, is amended to read:

*Subd. 2a. [ELIGIBILITY FOR INCREASE CONTRACT DEADLINE AND PENALTY.] (a) The following definitions apply to this subdivision:*

*"Public employer" means:*

*(1) a school district; and*

*(2) a public employer, as defined by section 179A.03, subdivision 15, other than a school district that (i) negotiates a contract under chapter 179A with teachers, and (ii) is established by, receives state money, or levies under chapters 120 to 129B or 136D, or section 275.125.*

*"Teacher" means a person, other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisor or confidential employee who occupies a position for which the person must be licensed by the board of teaching, state board of education, or state board of vocational technical education.*

*(b) Notwithstanding subdivision 2 or any other law to the contrary, if a school board public employer and the bargaining unit exclusive representative of the teachers in a school district have not ratified shall both sign a contract by collective bargaining agreement on or before January 15, 1990, for the two-year period ending June 30, 1991, the district is no longer eligible for \$25 of the formula allowance for fiscal year 1990 of an even-numbered calendar year. The total amount of money that would have been paid to districts that are not eligible according to this subdivision If a collective bargaining agreement is not signed by that date, state aid paid to the public employer for that fiscal year shall be reduced. However, state aid shall not be reduced if:*

*(1) a public employer and the exclusive representative of the teachers have submitted all unresolved contract items to interest arbitration according to section 179A.16 before December 31 of an odd-numbered year and filed*

*required final positions on all unresolved items with the commissioner of mediation services before January 15 of an even-numbered year; and*

*(2) the arbitration panel has issued its decision within 60 days after the date the final positions were filed.*

*(c) The reduction shall equal \$25 times the number of actual pupil units:*

*(1) for a school district, that are in the district during that fiscal year; or*

*(2) for a public employer other than a school district, that are in programs provided by the employer during the preceding fiscal year.*

*The department of education shall determine the number of full-time equivalent actual pupil units in the programs. The department of education shall reduce general education aid; if general education aid is insufficient or not paid, the department shall reduce other state aids.*

*(d) Reductions from aid to school districts and public employers other than school districts shall be ~~allocated~~ returned to eligible districts according to the number of actual pupil units in all of the eligible districts the general fund.*

Sec. 29. Minnesota Statutes 1988, section 125.12, subdivision 1, is amended to read:

Subdivision 1. [TEACHER DEFINED.] A ~~superintendent~~, principal, supervisor, and classroom teacher and any other professional employee required to hold a license from the state department shall be deemed to be a "teacher" within the meaning of this section. A ~~superintendent~~ is a "teacher" only for purposes of subdivisions 2 and 14.

Sec. 30. Minnesota Statutes 1988, section 125.185, is amended by adding a subdivision to read:

*Subd. 10. [VARIANCES.] Notwithstanding subdivision 9 and section 14.05, subdivision 4, the board of teaching may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or management.*

Sec. 31. Minnesota Statutes 1988, section 125.60, subdivision 2, is amended to read:

Subd. 2. The board of any district may grant an extended leave of absence without salary to any full- or part-time elementary, secondary, or technical institute teacher who has been employed by the district for at least five years and has at least ten years of allowable service, as defined in section 354.05, subdivision 13, or the bylaws of the appropriate retirement association or ten years of full-time teaching service in Minnesota public elementary, secondary, and technical institutes. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher ~~and may be granted only once~~. If the school board denies a teacher's request, it shall provide reasonable justification for the denial.

Sec. 32. [126.112] [MINNESOTA EDUCATION IN AGRICULTURE COUNCIL.]

*Subdivision 1. [ESTABLISHMENT.] The Minnesota education in agriculture council is established to promote education about agriculture.*

*Subd. 2. [GOVERNANCE.] The council must be appointed by the governor and has 12 members. One member must be appointed from each congressional district and the remaining members must be appointed at large. Council terms and removal of members are as provided in section 15.0575. Council members may receive reimbursement for expenses only if sources other than a direct legislative appropriation are available to pay the costs of members' reimbursement. The council is governed by an executive board of directors. The council may organize and appoint committees as it considers necessary.*

Sec. 33. Minnesota Statutes 1988, section 126.12, subdivision 2, is amended to read:

~~Subd. 2. Except for technical institutes, every Saturday shall be a school holiday, except that school may be held on a Saturday if necessary to meet the requirement in section 124.19 of making a good faith attempt to make up time lost on account of circumstances which were beyond the control of the school board.~~ The school board shall determine the number of school days of each school year on or before April 1 of the calendar year in which such school year commences. *The board shall offer all elementary, middle, and secondary school subjects required by the board or the curriculum rules of the state board of education on days other than Saturdays, Sundays, and holidays. On any day of the week the board may provide:*

- (1) classes or courses at technical colleges;*
- (2) classes or courses at area learning centers;*
- (3) classes or courses if necessary to meet the requirement in section 124.19 of making a good faith attempt to make up time lost because of circumstances beyond the control of the school board;*
- (4) remedial courses;*
- (5) courses previously taken, but not successfully completed by the pupil for whom the course is being provided;*
- (6) staff development programs; and*
- (7) other educational opportunities approved by the commissioner of education.*

Sec. 34. [129B.79] [PARENTAL INVOLVEMENT PROGRAMS.]

*Subdivision 1. [PROGRAM GOALS.] The department of education, in consultation with the state curriculum advisory committee, must develop guidelines and model plans for parental involvement programs that will:*

- (1) engage the interests and talents of parents or guardians in recognizing and meeting the emotional, intellectual, and physical needs of their school-age children;*
- (2) promote healthy self-concepts among parents or guardians and other family members;*
- (3) offer parents or guardians a chance to share and learn about educational skills, techniques, and ideas; and*
- (4) provide creative learning experiences for parents or guardians and their school-age children.*

*Subd. 2. [PLAN CONTENTS.] Model plans for a parental involvement program must include at least the following:*



*(1) program goals;*

*(2) means for achieving program goals;*

*(3) methods for informing parents or guardians, in a timely way, about the program;*

*(4) strategies for ensuring the full participation of parents or guardians, including those parents or guardians who lack literacy skills or whose native language is not English;*

*(5) procedures for coordinating the program with kindergarten through grade 12 curriculum, with parental involvement programs currently available in the community, and with other education facilities located in the community;*

*(6) strategies for training teachers and other school staff to work effectively with parents and guardians;*

*(7) procedures for parents or guardians and educators to evaluate and report progress toward program goals; and*

*(8) a mechanism for convening a local community advisory committee composed primarily of parents or guardians to advise a district on implementing a parental involvement program.*

*Subd. 3. [PLAN ACTIVITIES.] Activities contained in the model plans must include:*

*(1) educational opportunities for families that enhance children's learning development;*

*(2) educational programs for parents or guardians on families' educational responsibilities and resources;*

*(3) the hiring, training, and use of parental involvement liaison workers to coordinate family involvement activities and to foster communication among families, educators, and students;*

*(4) curriculum materials and assistance in implementing home and community-based learning activities that reinforce and extend classroom instruction and student motivation;*

*(5) technical assistance, including training to design and carry out family involvement programs;*

*(6) parent resource centers;*

*(7) parent training programs and reasonable and necessary expenditures associated with parents' attendance at training sessions;*

*(8) reports to parents on children's progress;*

*(9) use of parents as classroom volunteers, tutors, and aides; or*

*(10) soliciting parents' suggestions in planning, developing and implementing school programs.*

**Sec. 35. [237.065] [RATES FOR SPECIAL SERVICE TO SCHOOLS.]**

*Each telephone company, including a company that has developed an incentive plan under section 237.625, that provides local telephone service in a service area that includes a public school that has classes within the*

range from kindergarten to 12th grade shall provide, upon request, additional service to the school that is sufficient to ensure access to basic telephone service from each classroom and other areas within the school, as determined by the school board. Each company shall set a flat rate for this additional service that is less than the company's flat rate for an access line for a business and the same as or greater than the company's flat rate for an access line for a residence in the same local telephone service exchange. When a company's flat rates for businesses and residences are the same, the company shall use the residential rate for service to schools under this section. The rate required under this section is available only for a school that installs additional service that includes access to basic telephone service from each classroom and other areas within the school, as determined by the school board.

Sec. 36. Laws 1989, chapter 202, section 6, subdivision 7, is amended to read:

Subd. 7. [PROCEDURES AND RECOMMENDATIONS.] The board shall review and evaluate all proposals and adopt recommendations. The board may recommend rejection of all proposals. The board shall submit its recommendations and copies of proposals to the commissioner of finance. The commissioner of finance ~~shall~~ may contract with an independent evaluator to provide an independent market valuation of the corporation. The commissioner of finance shall review the recommendations of the board and ~~the any~~ independent evaluation. The commissioner of finance shall submit the recommendations of the board of directors, ~~the any~~ independent evaluation, and the recommendations of the commissioner of finance to the legislative auditor. The legislative auditor shall review the recommendations of the board of directors and the commissioner of finance and ~~the any~~ independent evaluation and make its recommendations.

Sec. 37. Laws 1989, chapter 202, section 6, subdivision 8, is amended to read:

Subd. 8. [REPORT TO THE LEGISLATURE.] By January 15, 1990, the recommendations of the board of directors, the commissioner of finance, and the legislative auditor, and ~~the any~~ independent evaluation shall be submitted to the education committees of the legislature.

Sec. 38. [TELEPHONE COMPANIES TO SUBMIT RATES.]

*Notwithstanding Minnesota Statutes, section 237.07, each telephone company, as defined in Minnesota Statutes, section 237.01, subdivision 2, that is subject to section 33 shall make the service required by section 33 available no later than January 1, 1991, and shall develop proposed rates for the services and submit them to the public utilities commission within 30 days of receipt by the company of a request for service.*

Sec. 39. [BADGER SCHOOL DISTRICT BORROWING.]

*Subdivision 1. [BORROWING AGAINST TAXES PAYABLE.] Independent school district No. 676, Badger, may borrow money for the purpose of anticipating general taxes previously levied by the district for school purposes, including taxes on which penalties for nonpayment or delinquency have accrued. Minnesota Statutes, sections 124.71 to 124.76, apply to the borrowing except as provided in this subdivision.*

*Subd. 2. [NO LOCAL APPROVAL.] According to Minnesota Statutes, section 645.023, subdivision 1, clause (a), subdivision 1 is effective the day*

*following final enactment without local approval.*

**Sec. 40. [EFFECTIVE DATE FOR CERTAIN TEACHER EXAMS.]**

*Notwithstanding any law to the contrary, successful completion of an examination of skills in reading, writing, and mathematics, as required by Minnesota Statutes, section 125.05, subdivision 1, is applicable for all persons applying for initial secondary vocational teaching licenses effective April 8, 1991.*

**Sec. 41. [AKELEY FUND TRANSFER.]**

*Notwithstanding Minnesota Statutes, section 121.912, independent school district No. 301, Akeley, may permanently transfer any surplus amount from the capital expenditure fund to the general fund. The transfer is contingent upon independent school district No. 301, Akeley, consolidating under Minnesota Statutes, section 122.23, with independent school district No. 119, Walker. The transfer must take place before the end of the first full fiscal year that the consolidation is in effect. The transfer must be made to the general fund of the consolidated district.*

**Sec. 42. [HIBBING FUND TRANSFER.]**

*Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, independent school district No. 701, Hibbing, may permanently transfer the surplus amount in the fund balance account entitled "pupil transportation fund reserved for bus purchases" to the transportation fund.*

**Sec. 43. [NASHWAUK-KEEWATIN LEVY ADJUSTMENT.]**

*Notwithstanding any other law to the contrary, the commissioner of education shall make a levy adjustment to the levies certified by independent school district No. 319, Nashwauk-Keewatin.*

*The commissioner shall reduce the district's general fund levy limit by \$163,373 and increase its down payment levy limit under section 124.82 by the same amount for levies certified in the fall of 1989, 1990, 1991, 1992, and 1993.*

**Sec. 44. [SCHOOL OF EXCELLENCE.]**

*The board of directors of the Minnesota academic excellence foundation shall include in its 1991 annual report to the education committees of the legislature recommendations for making available to schools and districts statewide, a Minnesota school of excellence program that contains the following components:*

- (1) state standards of excellence;*
- (2) criteria for showing improvement in academic performance over time by schools or districts participating in the program;*
- (3) a detailed cost analysis of the program;*
- (4) an external review process to verify the contents of an application submitted by a participating school or district; and*
- (5) a funding mechanism for permitting participating schools or districts to assist other schools or districts interested in participating in the program.*

**Sec. 45. [NEGOTIATED INCENTIVE PLAN; PARTICIPATION IN RETIREMENT FUND.]**

*A teacher employed by independent school district No. 709, Duluth, who*

*voluntarily participates in an incentive plan negotiated by the school board and the exclusive representative of the teachers permitting 80 percent pay-ment of salary over a five-year period, during which the teacher works four years and is on leave the fifth year, may receive service credit in the Duluth teachers retirement fund association for the entire five-year period of the incentive plan if the teacher and the employing board make employer and employee contributions for the period based on the annual salary the teacher would have received if teaching in the district during the period without the salary reduction to 80 percent.*

Sec. 46. [REPEALER.]

*Minnesota Rules, part 3560.0040, subparts 1 and 3, are repealed the day following final enactment.*

Sec. 47. [EFFECTIVE DATES.]

*Section 6 is effective for audited financial statements for fiscal year 1991 and thereafter.*

*Sections 4, 5, 11, 24, 28, 31, and 46 are effective the day following final enactment.*

*Sections 21 and 29 apply only to those employment contracts entered into or modified after July 1, 1990.*

*Section 3 is retroactively effective May 20, 1989.*

ARTICLE 9

STATE AGENCIES

Section 1. Minnesota Statutes 1989 Supplement, section 129C.10, is amended by adding a subdivision to read:

*Subd. 7. [PURCHASING INSTRUCTIONAL ITEMS.] Technical edu-cational equipment may be procured for programs of the Minnesota center for arts education by the board either by brand designation or in accor-dance with standards and specifications the board may adopt, notwith-standing chapter 16B.*

Sec. 2. Laws 1989, chapter 329, article 12, section 11, is amended to read:

Sec. 11. [MINNESOTA CENTER FOR ARTS EDUCATION.]

Total Appropriations	\$ 5,800,000	\$ 6,200,000
Approved Complement -	1990	1991
General Fund -	39.0	49.0 53.0
Total -	39.0	49.0 53.0

The state complement for the Minnesota center for arts education is increased by 18.0 for the first year and ~~28.0~~ 32.0 the second year.

Any expended balance from the appropriation in this section in 1990 does not cancel but is available in 1991.

Sec. 3. [TASK FORCE ON MATHEMATICS, SCIENCE, TECHNOLOGY, AND INTERNATIONAL EDUCATION.]

*Subdivision 1. [MEMBERSHIP] The governor's task force on mathe-matics, science, technology, and international education shall be com-prised of members appointed by the governor, two members appointed by*

*the speaker of the house of representatives, and two members appointed by the subcommittee on committees of the committee on rules and administration of the senate. Either or both members appointed by the speaker and the subcommittee may be members of the legislature or public members.*

*Subd. 2. [TASK FORCE DUTIES.] The governor's task force shall:*

*(1) assess the current state of mathematics, science, and technology education in Minnesota;*

*(2) review local, state, federal, and international efforts to improve mathematics, science, and technology education;*

*(3) study the effectiveness of education programs, including specialized programs in other states, in meeting the scientific, mathematical, and technological education needs of academic, private sector, and research and development organizations;*

*(4) recommend short- and long-range methods to improve mathematics, science, technology, and international education in Minnesota;*

*(5) study the feasibility of a resource center and school for mathematics, science, technology, and international education in Minnesota; and*

*(6) study and make recommendations for integrating international education and world languages with the study of mathematics, science, and technology.*

*Subd. 3. [MISCELLANEOUS.] The task force shall conduct at least four meetings in greater Minnesota.*

*The task force may appoint staff as necessary who shall be in the unclassified service. The commissioner of education shall provide office space for the task force staff at no charge to the task force.*

*Minnesota Statutes, section 15.059, subdivisions 4 and 6, apply to the task force. The task force shall terminate on June 30, 1991.*

*Subd. 4. [REPORTS.] The task force shall submit a report of its activities to the legislative commission on public education by December 31, 1990. It shall submit a report and recommendations to the education committees of the legislature by January 15, 1991.*

**Sec. 4. [CARRYOVER OF LEARNER OUTCOME APPROPRIATION.]**

*Any unexpended fund balance remaining from the amount designated for fiscal year 1990 for identification and integration of learner outcomes, including the amount designated for fiscal year 1990 for the identification and development of vocational career learner outcomes, does not cancel and is available for fiscal year 1991. The amounts carried forward may not be used to establish a larger annual base appropriation for future fiscal years.*

**Sec. 5. [DEPARTMENT OF EDUCATION REDUCTION.]**

*The appropriations to the department of education in Laws 1989, article 12, section 9, subdivisions 2 and 3, for fiscal year 1991 are reduced by \$354,000. The commissioner must allocate this reduction within the agency.*

*The state complement for the fiscal year 1991 base must be adjusted to reflect the reduction in appropriations.*

*The state complement of the vocational education section is increased*

*by 3.5 and the federal complement by 1.0 to replace services for vocational student organizations that had been provided under contract.*

Sec. 6. [ARTS CENTER REDUCTION.]

*The appropriation to the Minnesota center for arts education in Laws 1989, article 12, section 11, for fiscal year 1991 is reduced by \$125,000.*

Sec. 7. [FARIBAULT ACADEMIES REDUCTION.]

*The appropriation to the Faribault Academies in Laws 1989, article 12, section 10, for fiscal year 1991 is reduced by \$75,000.*

Sec. 8. [APPROPRIATIONS.]

*Subdivision 1. [DEPARTMENT OF EDUCATION.] The sum indicated in this section is appropriated from the general fund to the department of education for the fiscal year designated.*

*Subd. 2. [TASK FORCE ON MATHEMATICS, SCIENCE, TECHNOLOGY, AND INTERNATIONAL EDUCATION.] For staff and related expenses of the governor's task force on mathematics, science, technology, and international education:*

*\$100,000 . . . . 1990.*

*The appropriation is available until June 30, 1991.*

Sec. 9. [EFFECTIVE DATE.]

*Sections 3, 4 and 8 are effective the day following final enactment.*

## ARTICLE 10

### TECHNICAL TAX RATE CHANGES

Section 1. Minnesota Statutes 1989 Supplement, section 124.10, subdivision 2, is amended to read:

Subd. 2. The county auditor shall at the time of making the ~~March~~ May and November tax settlements of each year apportion to the several districts the amount received from liquor licenses, fines, estrays, and other sources belonging to the general school fund. The apportionment shall be made in proportion to each district's net tax capacity within the county in the prior year. No district shall receive any part of the money received from liquor licenses unless all sums paid for such licenses in such district are apportioned to the county school fund.

Sec. 2. Minnesota Statutes 1989 Supplement, section 124.26, subdivision 8, is amended to read:

Subd. 8. [ADULT BASIC EDUCATION LEVY.] To obtain adult basic education aid, a district may levy an amount not to exceed the amount raised by a ~~gross tax capacity rate of .16 percent times the adjusted gross tax capacity of the district for the preceding year for taxes payable in 1990~~ or a net tax capacity rate of ~~.20~~ .21 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter.

Sec. 3. Minnesota Statutes 1989 Supplement, section 124.2713, subdivision 6, is amended to read:

Subd. 6. [COMMUNITY EDUCATION LEVY.] To obtain community education revenue, a district may levy the amount raised by a ~~gross tax~~

capacity rate of ~~0.8~~ percent times the adjusted gross tax capacity of the district for taxes payable in 1990 or a net tax capacity rate of ~~1.0~~ 1.07 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. If the amount of the community education levy would exceed the community education revenue, the community education levy shall equal the community education revenue.

Sec. 4. Minnesota Statutes 1989 Supplement, section 124.575, subdivision 3, is amended to read:

Subd. 3. [LEVY.] The secondary vocational cooperative levy is equal to the following:

(1) the secondary vocational cooperative revenue according to subdivision 2, times

(2) the lesser of

(a) one, or

(b) the ratio of the ~~adjusted gross tax capacity for taxes payable in 1990~~ and adjusted net tax capacity for taxes payable in 1991 and thereafter of the secondary vocational cooperative divided by the number of actual pupil units in the secondary vocational cooperative to an amount equal to \$20 divided by ~~.6~~ percent for taxes payable in 1990 and ~~.74~~ .78 percent for taxes payable in 1991 and thereafter.

The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 124.83, subdivision 4, is amended to read:

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 lesser of one, or the ratio of:

(1) the quotient derived by dividing (a) the adjusted gross tax capacity for fiscal year 1991, and (b) the adjusted net tax capacity for 1992 and later fiscal years, of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) ~~\$7,128.10~~ \$7,103.60 for fiscal year 1991 and \$5,304 for 1992 and later fiscal years.

Sec. 6. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 5c, is amended to read:

Subd. 5c. [NONREGULAR TRANSPORTATION LEVY.] A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision. The amount of the levy shall be the result of the following computation:

(a) multiply

(1) the amount of the district's nonregular transportation revenue under section 124.225, subdivision 7c, that is more than the product of \$30 times the district's actual pupil units, by

(2) 60 percent;

(b) subtract the result in clause (a) from the district's total nonregular transportation revenue;

(c) multiply the result in clause (b) by the lesser of one or the ratio of (i) the quotient derived by dividing the adjusted ~~gross net~~ tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to (ii) ~~\$9,722~~ \$7,258.

Sec. 7. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 6h, is amended to read:

Subd. 6h. [MINNEAPOLIS HEALTH INSURANCE SUBSIDY LEVY.] Each year special school district No. 1, Minneapolis, may make an additional levy not to exceed the amount raised by a ~~gross tax capacity rate of .08 percent times the adjusted gross tax capacity for taxes payable in 1990~~ or a net tax capacity rate of ~~.11~~ .10 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year. The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

"Eligible teacher" means a retired teacher who was a basic member of the Minneapolis teachers retirement fund association, who retired before May 1, 1974, and who is not eligible to receive the hospital insurance benefits of the federal Medicare program of the Social Security Act without payment of a monthly premium. The district shall notify eligible teachers that a subsidy is available. To obtain a subsidy, an eligible teacher must submit to the school district a copy of receipts for health insurance premiums paid. The school district shall disburse the health insurance premium subsidy to each eligible teacher according to a schedule determined by the district, but at least annually. An eligible teacher may receive a subsidy up to an amount equal to the lesser of 90 percent of the cost of the eligible teacher's health insurance or up to 90 percent of the cost of the number two qualified plan of health coverage for individual policies made available by the Minnesota comprehensive health association under chapter 62E.

If funds remaining from the previous year's health insurance subsidy levy, minus the previous year's required subsidy amount, are sufficient to pay the estimated current year subsidy, the levy must be discontinued until the remaining funds are estimated by the school board to be insufficient to pay the subsidy.

Sec. 8. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 8b, is amended to read:

Subd. 8b. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] A district may levy for its early childhood family education program. The amount levied shall not exceed the lesser of:

(a) a ~~gross tax capacity rate of .4 percent times the adjusted gross tax capacity for taxes payable in 1990~~ or a net tax capacity rate of ~~.49~~ .54 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the year preceding the year the levy is certified, or

(b) the maximum revenue as defined in section 124.2711, subdivision 1, for the school year for which the levy is attributable.

Sec. 9. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 9a, is amended to read:



Subd. 9a. [STATUTORY OPERATING DEBT LEVY.] (1) In each year in which so required by this subdivision, a district shall make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977, and certified and adjusted by the commissioner. This levy shall not be made in more than 20 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall be an amount which is equal to the amount raised by a levy of a ~~gross tax capacity rate of 1.20 percent times the adjusted gross tax capacity of the district for the preceding year for taxes payable in 1990~~ or a net tax capacity rate of ~~1.50~~ 1.66 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter; provided that in the last year in which the district is required to make this levy, it shall levy an amount not to exceed the amount raised by a levy of a ~~gross tax capacity rate of 1.20 percent times the adjusted gross tax capacity of the district for the preceding year for taxes payable in 1990~~ or a net tax capacity rate of ~~1.50~~ 1.66 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter. When the sum of the cumulative levies made pursuant to this subdivision and transfers made according to section 121.912, subdivision 4, equals an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(2) The district shall establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district which is required to levy pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2, in that same year.

(4) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Sec. 10. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 9b, is amended to read:

Subd. 9b. [OPERATING DEBT LEVY.] (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of a ~~gross tax capacity rate of 1.20 percent times the adjusted gross tax capacity for taxes payable in 1990~~ or a net tax capacity rate of ~~1.50~~ 1.85 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year as determined by the commissioner. However, the total amount of this levy for all years it is made shall not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special Session chapter 2, article 2, section 2, but excluding clauses (l), (m), (n), (o), and (p), and Laws 1982, Third Special Session chapter 1, article 3, section 6, to the district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal

the total amount permitted by this subdivision, the levy shall be discontinued.

(2) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivisions 2 and 2a, in that same year.

Sec. 11. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 9c, is amended to read:

Subd. 9c. [1985 OPERATING DEBT LEVY.] (1) Each year, a district may levy to eliminate a deficit in the net unappropriated balance in the general fund of the district, determined as of June 30, 1985, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the amount raised by a levy of a ~~gross tax capacity rate of 1-20 percent times the adjusted gross tax capacity for taxes payable in 1990~~ or a net tax capacity rate of ~~1-50~~ 1.85 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year. However, the total amount of this levy for all years it is made shall not exceed the amount of the deficit in the net unappropriated balance in the general fund of the district as of June 30, 1985. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) A district, if eligible, may levy under this subdivision or subdivision 9b but not both.

(3) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(4) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2, in that same year.

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 275.125, subdivision 18, is amended to read:

Subd. 18. [~~NOTICE OF CERTIFIED LEVIES LEVY INFORMATION.~~] By September 15 of each year each district shall notify the commissioner of education of the proposed levies in compliance with the levy limitations of this section and chapters 124 ~~and~~, 124A, ~~and~~ 124B. By January 15 of each year each district shall notify the commissioner of education of the final levies certified. The commissioner of education shall prescribe the form of these notifications ~~and may request any additional information necessary to compute certified levy amounts.~~

## ARTICLE 11

### MAXIMUM EFFORT

Section 1. [121.151] [JOINT POWERS AGREEMENTS FOR EDUCATIONAL FACILITIES.]

*Any group of districts may form a joint powers district under section 471.59 representing all participating districts to build or acquire a facility to be used for instructional purposes. The joint powers board must submit the project for review and comment under section 121.15. The joint powers*

*board must hold a hearing on the proposal. The joint powers district must submit the question of authorizing the borrowing of funds for the project to the voters of the joint powers district at a special election. The question submitted shall state the total amount of funding needed from all sources. The joint powers board may issue the bonds according to chapter 475 and certify the levy required by section 475.61 only if a majority of those voting on the question vote in the affirmative and only after the school boards of each member district have adopted a resolution pledging the full faith and credit of that district. The resolution shall irrevocably commit that district to pay a proportionate share, based on pupil units, of any debt levy shortages that, together with other funds available, would allow the joint powers board to pay the principal and interest on the obligations. The district's payment of its proportionate share of the shortfall shall be made from the district's capital expenditure fund. The clerk of the joint powers board must certify the vote of the bond election to the commissioner of education.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 124.38, subdivision 7, is amended to read:

Subd. 7. [MAXIMUM EFFORT DEBT SERVICE LEVY.] "Maximum effort debt service levy" means the lesser of:

(1) A levy in whichever of the following amounts is applicable:

(a) *In any school district receiving a debt service loan for a debt service levy payable in 1991 and thereafter, or granted a capital loan after January 1, 1990, a levy in a total dollar amount computed at a rate of 20 percent of adjusted net tax capacity for taxes payable in 1991 and thereafter;*

(b) *In any school district granted a debt service loan after July 31, 1981, or granted a capital loan which is approved after July 31, 1981, a levy in a total dollar amount computed as a gross tax capacity rate of 13.08 percent on the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of ~~16.27~~ 18.42 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter;*

(~~b~~) (c) *In any school district granted a debt service loan before August 1, 1981, or granted a capital loan which was approved before August 1, 1981, a levy in a total dollar amount computed as a gross tax capacity rate of 12.26 percent on the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of ~~15.26~~ 17.17 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter, until and unless the district receives an additional loan; or*

(2) A levy in whichever of the following amounts is applicable:

(a) *In any school district which received a debt service or capital loan from the state before January 1, 1965, a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967;*

(b) *In any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, a levy in a total dollar amount computed as 5-1/2 mills on the market value in each year, until and unless the district receives an additional loan;*

(c) *In any school district granted a debt service or capital loan between*

July 1, 1969, and July 1, 1975, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan;

(d) In any school district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted; provided, that the school board in any district affected by the provisions of clause (2)(d) may elect instead to determine the amount of its levy according to the provisions of clause (1); provided further that if a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2)(d), the liability of the district for the amount of the difference between the amount it levied under clause (2)(d) and the amount it would have levied under clause (1), and for interest on the amount of that difference, shall not be satisfied and discharged pursuant to *Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes if applicable*, section 124.43, subdivision 4.

Sec. 3. Minnesota Statutes 1988, section 124.39, subdivision 3, is amended to read:

Subd. 3. There shall be a capital loan account, out of which loans under section ~~124.43~~ 5 shall be made. There shall be transferred to it from the debt service loan account on October 1 of each year all moneys therein in excess of those required for debt service loans then agreed to be made. There shall be transferred from it to the debt service loan account on July 1 of each year all moneys therein in excess of those required for capital loans theretofore agreed to be made.

Sec. 4. Minnesota Statutes 1988, section 124.39, subdivision 4, is amended to read:

Subd. 4. There shall be a loan repayment account, into which shall be paid all principal and interest paid by school districts on debt service loans and capital loans made under section 124.42 or ~~124.43~~ 5. The state's cost of administering the maximum effort school aid law shall be paid out of this account, to an amount not exceeding \$10,000 in any year. As soon as possible in each year after the committee has determined the ratio existing between the correct market value of all taxable property in each school district in the state and the "market value in money" of such property as recorded in accordance with section 270.13, the commissioner of revenue shall cause a list of all such ratios to be prepared. The clerical costs of preparation of such list shall be paid as a cost of administration of the maximum effort school aid law. The documents division of the department of administration may publish and sell copies of such list. There shall be transferred out of the loan repayment account to the state bond fund the sums required to pay the principal of and interest on all school loan bonds as provided in section 124.46.

Sec. 5. [124.431] [CAPITAL LOANS.]

*Subdivision 1. [CAPITAL LOAN REQUESTS AND USES.] Capital loans are available only to qualifying districts. Capital loans must not be used for the construction of swimming pools, ice arenas, athletic facilities,*

auditoriums, day care centers, bus garages, or heating system improvements. Proceeds of the loans may be used only for sites for education facilities and for acquiring, bettering, furnishing, or equipping education facilities. Contracts must be entered into within 18 months after the date on which each loan is granted.

*Subd. 2. [DISTRICT REQUEST FOR REVIEW AND COMMENT.] A school district or a joint powers district that intends to apply for a capital loan must submit a proposal to the commissioner for review and comment according to section 121.15 on or before July 1. The commissioner must prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. In addition to the information provided under section 121.15, subdivision 7, the commissioner shall consider the following criteria in determining whether to make a positive review and comment.*

*(a) To grant a positive review and comment the commissioner must determine that all of the following conditions are met:*

*(1) the facilities are needed for pupils for whom no adequate facilities exist or will exist;*

*(2) the district will serve, on average, at least 80 pupils per grade or is eligible for sparsity revenue;*

*(3) no form of cooperation with another district would provide the necessary facilities;*

*(4) the facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;*

*(5) the facilities are comparable in size and quality to facilities recently constructed in other districts that are financed without a capital loan;*

*(6) the district is projected to maintain or increase its average daily membership over the next five years or is eligible for sparsity revenue;*

*(7) the current facility poses a threat to the life, health, and safety of pupils, and cannot reasonably be brought into compliance with fire, health, or life safety codes;*

*(8) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility; and*

*(9) evaluations by school boards of adjacent districts have been received.*

*(b) The commissioner may grant a negative review and comment if:*

*(1) the state demographer has examined the population of the communities to be served by the facility and determined that the communities have not grown during the previous five years;*

*(2) the state demographer determines that the economic and population bases of the communities to be served by the facility are not likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;*

*(3) the need for facilities could be met within the district or adjacent districts at a comparable cost by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;*

(4) the district plans do not include cooperation and collaboration with health and human services agencies and other political subdivisions; or

(5) if the application is for new construction, an existing facility that would meet the district's needs could be purchased at a comparable cost from any other source within the area.

*Subd. 3. [MULTIPLE DISTRICT PROPOSALS; REVIEW AND COMMENT.] In addition to the requirements of subdivision 2, the commissioner may use additional requirements to determine a positive review and comment on projects that are designed to serve more than one district. These requirements may include:*

(1) reducing or increasing the number of districts that plan to use the facility;

(2) location of the facility; and

(3) formation of a joint powers agreement among the participating districts.

*Subd. 4. [ADJACENT DISTRICT COMMENTS.] The district shall present the proposed project to the school board of each adjacent district at a public meeting of that district. The board of an adjacent district shall make a written evaluation of how the project will affect the future education and building needs of the adjacent district. The board shall submit the evaluation to the applying district within 30 days of the meeting.*

*Subd. 5. [DISTRICT APPLICATION FOR CAPITAL LOAN.] The school board of a 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. Applications for loans must be accompanied by a copy of the adopted board resolution and copies of the adjacent district evaluations. The evaluation shall be retained by the commissioner as part of a permanent record of the district submitting the evaluation.*

*Applications must be in the form and accompanied by the additional data required by the commissioner. Applications must be received by the commissioner by November 1. A district must resubmit an application each year. Capital loan applications that do not receive voter approval or are not approved in law cancel July 1 of the year following application. When an application is received, the commissioner shall obtain from the commissioner of revenue the information in the revenue department's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.*

*Subd. 6. [STATE BOARD REVIEW; DISTRICT PROPOSALS.] By January 1 of each year, the state board must review all applications for capital loans that have received a positive review and comment. When reviewing applications, the state board shall consider whether the criteria in subdivision 2 have been met. The state board may not approve an application if all of the required deadlines have not been met. The state board may either approve or reject an application for a capital loan.*

*Subd. 7. [RECOMMENDATIONS OF THE COMMISSIONER.] The commissioner shall examine and consider applications for capital loans that have been approved by the state board of education, and promptly notify any district rejected by the state board of the state board's decision.*

*The commissioner shall report each capital loan that has been approved by the state board and that has received voter approval to the education committees of the legislature by February 1 of each year. The commissioner must not report a capital loan that has not received voter approval. The commissioner shall also report on the money remaining in the capital loan account and, if necessary, request that another bond issue be authorized.*

*Subd. 8. [LOAN AMOUNT LIMITS.] (a) A loan must not be recommended for approval for a district exceeding an amount computed as follows:*

*(1) the amount requested by the district under subdivision 5;*

*(2) plus the aggregate principal amount of general obligation bonds of the district outstanding on 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 305 percent of its adjusted net tax capacity as most recently determined, whichever is less;*

*(3) less the maximum net debt permissible for the district on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or 305 percent of its adjusted net tax capacity as most recently determined, whichever is less;*

*(4) less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted.*

*(b) The loan may be approved in an amount computed as provided in paragraph (a), clauses (1) to (3), subject to later reduction according to paragraph (a), clause (4).*

*Subd. 9. [LEGISLATIVE ACTION.] Each capital loan must be approved in a 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.*

*Subd. 10. [DISTRICT REFERENDUM.] After receipt of the review and comment on the project and before February 1, the question authorizing the borrowing of money 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 must 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. The face of the ballot must include the following statement: "APPROVAL OF THIS QUESTION DOES NOT GUARANTEE THAT THE SCHOOL DISTRICT WILL RECEIVE A CAPITAL LOAN FROM THE STATE. THE LOAN MUST BE APPROVED BY THE STATE LEGISLATURE AND IS DEPENDENT ON AVAILABLE FUNDING." The district shall mail to the commissioner of education a certificate by the clerk showing the vote at the election.*

*Subd. 11. [CONTRACT.] Each capital loan must be evidenced by a contract between the school district and the state acting through the commissioner. The contract must obligate the state to reimburse the district, from the maximum effort school loan fund, for eligible capital expenses for construction of the facility for which the loan is granted, an amount computed as provided in subdivision 8. The commissioner must receive*

from the school district a certified resolution of the school board estimating the costs of construction and reciting that contracts for construction of the facilities for which the loan is granted have been awarded and that bonds of the district have been issued and sold in the amount necessary to pay all estimated costs of construction in excess of the amount of the loan. The contract must obligate the district to repay the loan out of the excesses of its maximum effort debt service levy over its required debt service levy, including interest at a rate equal to the weighted average annual rate payable on Minnesota state school loan bonds issued for the project and disbursed to the districts on a reimbursement basis, but in no event less than 3-1/2 percent per year on the principal amount from time to time unpaid. The district shall each year, as long as it is indebted to the state, levy for debt service (a) the amount of its maximum effort debt service levy or (b) the amount of its required debt service levy, whichever is greater, except as the required debt service levy may be reduced by a loan under section 124.42. On November 20 of each year each district having an outstanding capital loan shall compute the excess amount in the debt redemption fund. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. A completed copy of this form shall be sent to the commissioner before December 1 of each year. The commissioner may recompute the excess amount and shall promptly notify the district of the recomputed amount. On December 15 of each year, the district shall remit to the commissioner an amount equal to the excess amount in the debt redemption fund. When the maximum effort debt service levy is greater, the district shall remit to the commissioner within ten days after its receipt of the last regular tax distribution in each year, that part of the debt service tax collections, including penalties and interest that exceeded the required debt service levy. The commissioner shall supervise the collection of outstanding accounts due the fund and may, by notice to the proper county auditor, require the maximum levy to be made as required in this subdivision. Interest on capital loans must be paid on December 15 of the year after the year the loan is granted and annually in later years. On or before September 1 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the amount of the maximum effort debt service levy of the district for that year. The county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified.

**Subd. 12. [LOAN FORGIVENESS.]** If any capital loan is not paid within 50 years after it is granted from maximum effort debt service levies in excess of required debt service levies, the liability of the school district on the loan is satisfied and discharged and interest on the loan ceases.

**Subd. 13. [PARTICIPATION BY COUNTY AUDITOR; RECORD OF CONTRACT; PAYMENT OF LOAN.]** The school district shall file a copy of the capital loan contract with the county auditor of each county in which any part of the district is situated. The county auditor shall enter the capital loan, evidenced by the contract, in the auditor's bond register. The commissioner shall keep a record of each capital loan and contract showing the name and address of the district, the date of the contract, and the amount of the loan initially approved. On receipt of the resolution required in subdivision 11, the commissioner shall issue warrants, which may be dispersed in accordance with the schedule in the contract, on the capital loan account for the amount that may be disbursed under subdivision 1. Interest on each disbursement of the capital loan amount accrues from the



*date on which the state treasurer issues the warrant.*

*Subd. 14. [BOND SALE LIMITATIONS.] A district having an outstanding state loan must not issue and sell any bonds on the public market, except to refund state loans, unless it agrees to make the maximum effort debt service levy in each later year at the higher rate provided in section 124.38, subdivision 7, and unless it schedules the maturities of the bonds according to section 475.54, subdivision 2. The district shall report each sale to the commissioner of education.*

*After a district's capital loan has been outstanding for 20 years, the district must not issue bonds on the public market except to refund the loan.*

Sec. 6. Minnesota Statutes 1988, section 475.51, subdivision 4, is amended to read:

Subd. 4. "Net debt" means the amount remaining after deducting from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

(1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

(2) Warrants or orders having no definite or fixed maturity.

(3) Obligations payable wholly from the income from revenue producing conveniences.

(4) Obligations issued to create or maintain a permanent improvement revolving fund.

(5) Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.

(6) Debt service loans and capital loans made to a school district under the provisions of sections 124.42 and ~~124.43~~ 5.

(7) Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.

(8) Obligations to repay loans made under section 216C.37.

(9) Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.

(10) All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Sec. 7. Minnesota Statutes 1989 Supplement, section 475.62, is amended to read:

475.62 [REGISTER.]

Each county auditor shall keep a register in which shall be entered, as

to each issue of such obligations by any municipality located, in whole or in part, in the county, a record of the aggregate amount authorized, the aggregate amount issued, the purpose for which issued, the number, denomination, date, and maturity of each, the rate of interest, the time of payment, the place of payment of principal and interest, and the amount of tax levied for the payment thereof. The auditor shall also enter in said register the date and amount of each debt service loan and capital loan made by the state to any school district situated wholly or partly within the county, in accordance with section 124.42, subdivision 2, or section ~~124.43~~ 5, subdivision ~~5~~ 13, and shall enter on or before November 1 in each year thereafter the amount of the maximum effort debt service levy and the additional amount of the levy for interest on state loans to be extended on the tax rolls in that year, as certified by the commissioner of education in accordance with section 124.42, subdivision 4, and section ~~124.43~~ 5, subdivision 4 11. In each such year the auditor shall extend on the tax rolls against all taxable property within each such district either (a) the aggregate amount of all tax levies required by section 475.61 to be so extended in such year, less the principal amount of any new debt service loan granted in the current year, or (b) the maximum effort debt service levy of the district as certified by the commissioner of education, if greater than the levy required by the preceding clause (a); adding in either case (c) the amount of the levy for interest on state loans as certified by the commissioner of education, including interest on any new debt service loan granted in the current year. If the school district is situated in more than one county, the aggregate levy shall be apportioned among the counties as provided in section 475.61, subdivision 2, by the county auditor of the county in which is situated the largest portion by net tax capacity of the taxable property within the school district.

#### Sec. 8. [1990 LOAN APPLICATIONS.]

*Notwithstanding section 5, subdivision 5, or any other law to the contrary, a capital loan application and the state board approval of a capital loan for independent school districts No. 115, Cass Lake; No. 192, Farmington; No. 213, Osakis; No. 345, New London-Spicer; No. 390, Lake of the Woods; No. 484, Pierz; No. 533, Dover-Eyota; No. 682, Roseau; No. 748, Sartell; and No. 885, St. Michael-Albertville, does not cancel until July 1, 1995. Applications for capital loans approved by the state board before February 15, 1990, for the school districts listed do not need to meet the criteria in section 5, subdivision 2. Except for emergency requests, the school districts listed in this section shall be the top priority for funding capital loans until July 1, 1995.*

#### Sec. 9. [HOLDINGFORD CAPITAL LOAN.]

*Subdivision 1. [TIME EXTENSION.] Notwithstanding Minnesota Statutes, section 124.43, subdivision 1, independent school district No. 738, Holdingford, may enter into construction contracts for facilities for which a capital loan was granted within 24 months after the date the capital loan was granted.*

*Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective for independent school district No. 738 the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the school board of the district.*

#### Sec. 10. [ALTERNATIVE LOAN LIMITATION.]

*Notwithstanding section 5, subdivision 8, a maximum effort loan amount*

computed under section 5, subdivision 8, for districts listed in section 8 shall not be less than 85 percent of the loan amount that would be granted if the qualifying percentage rate used was 245 percent of adjusted net tax capacity.

Sec. 11. [REPEALER.]

*Minnesota Statutes 1988, section 124.43, subdivisions 2, 3, 3a, 3b, 4, 5, and 6; and Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1, are repealed. The validity of bonds issued to fund loans issued under Minnesota Statutes 1988, section 124.43 or earlier law is not impaired. Districts obligated under contracts entered into under Minnesota Statutes 1988, section 124.43 or earlier law remain obligated until the obligations end under the terms of the contract. Section 10 is repealed July 1, 1995.*

Sec. 12. [EFFECTIVE DATE.]

*Sections 1 to 11 are effective the day after final enactment.*

ARTICLE 12

RURAL HEALTH CARE

Section 1. [SUMMER HEALTH CARE INTERNS.]

*Subdivision 1. [SUMMER INTERNSHIPS.] The commissioner of education shall award grants to eligible districts or groups of districts to establish a summer health care intern program in the summer of 1991 for pupils who intend to complete high school graduation requirements and who are between their junior year and senior year of high school. The purpose of the program is to expose interested high school pupils to various careers within the health care profession.*

*Subd. 2. [CRITERIA.] The commissioner, with the advice of the Minnesota medical association and the Minnesota hospital association, shall establish criteria for awarding grants to districts or groups of districts that have juniors enrolled in high school who are interested in pursuing a career in the health care profession. The criteria must include, among other things:*

*(1) the proximity of a district or districts to a hospital or clinic willing to participate in the program;*

*(2) the kinds of formal exposure to the health care profession a hospital or clinic can provide to a pupil;*

*(3) the need for health care professionals in a particular area; and*

*(4) the willingness of a hospital or clinic to pay one-half the costs of employing a pupil.*

*The Minnesota medical association and the Minnesota hospital association jointly must provide the commissioner by January 31, 1991, with a list of hospitals and clinics willing to participate in the program and what provisions those hospitals or clinics will make to ensure a pupil's adequate exposure to the health care profession, and indicate whether a hospital or clinic is willing to pay one-half the costs of employing a pupil.*

*Subd. 3. [GRANTS.] The commissioner shall award grants to districts or groups of districts meeting the requirements of subdivision 2. The grants must be used to pay one-half of the costs of employing a pupil in a hospital or clinic during the course of the program. No more than five pupils may*

*be selected from any one high school to participate in the program and no more than one-half of the number of pupils selected may be from the seven-county metropolitan area.*

*Subd. 4. [EVALUATION.] The commissioner, in cooperation with the Minnesota medical association and the Minnesota hospital association, shall evaluate the summer health care intern program and recommend to the education committees of the legislature by February 15, 1992, whether or not the program should be continued and, if so, under what circumstances.*

**Sec. 2. [APPROPRIATION.]**

*\$100,000 is appropriated from the general fund to the department of education in fiscal year 1991 to provide grants for the summer health care intern program under section 1."*

Delete the title and insert:

"A bill for an act relating to education; establishing, modifying, and clarifying elementary, secondary and related education programs and services, such as, general education, transportation, special programs, drug prevention and other community programs, facilities, programs of cooperation, other aids and levies, rural health care, and the department of education and other education related state entities; providing for technical tax rate changes; authorizing tax levies; appropriating money; amending Minnesota Statutes 1988, sections 120.062, subdivision 9, and by adding a subdivision; 120.73, subdivision 1; 121.148; 121.15, subdivisions 1 and 7; 121.88, subdivision 6; 121.882, subdivision 9; 121.908, subdivision 3; 121.917, subdivision 4; 121.931, subdivision 6, and by adding a subdivision; 121.935, subdivisions 2, 5, and by adding a subdivision; 121.936, subdivisions 2 and 3; 122.23, subdivisions 9, 11, 12, and 13; 122.535, by adding a subdivision; 122.94, subdivision 5; 123.33, subdivision 1; 123.34, subdivisions 9 and 10; 123.3514, subdivisions 6 and 6b; 123.36, subdivisions 5 and 10; 123.37, subdivision 1; 123.38, subdivision 2b; 123.39, subdivisions 1, 6, and by adding a subdivision; 123.58, subdivision 2; 123.9361; 123.947; 124.17, subdivision 1b; 124.195, subdivision 10, and by adding subdivisions; 124.261; 124.39, subdivisions 3 and 4; 124.494, by adding a subdivision; 124A.036, subdivision 5; 125.12, subdivision 1; 125.185, by adding a subdivision; 125.231, subdivision 6; 125.60, subdivision 2; 126.12, subdivision 2; 126.70, subdivision 2a; 141.25, subdivisions 7 and 9; 275.125, subdivision 4, and by adding subdivisions; 475.51, subdivision 4; Minnesota Statutes 1989 Supplement, sections 6.65; 10A.01, subdivision 18; 119.04, subdivision 3; 121.111, subdivisions 1 and 2; 121.15, subdivision 2; 121.612, subdivisions 3 and 5; 121.912, subdivisions 1 and 1b; 122.241, subdivision 2; 122.243, subdivision 2; 122.91, subdivisions 1 and 5; 122.94, subdivision 6; 122.945, subdivision 2; 123.33, subdivision 7; 123.58, subdivision 9; 124.10, subdivision 2; 124.155, subdivision 2; 124.19, subdivision 7; 124.223; 124.225, subdivisions 1, 3a, and 8k; 124.243, subdivision 2; 124.26, subdivision 8; 124.2713, subdivision 6; 124.2721; 124.2725, subdivisions 3, 4, 5, 8, and by adding a subdivision; 124.38, subdivision 7; 124.573, subdivision 2d; 124.575, subdivision 3; 124.6472, subdivision 2; 124.83, subdivision 6; 124.86, subdivisions 1 and 2; 124.90, by adding a subdivision; 124A.22, subdivision 2a; 126.22, subdivisions 2, 3, and 8; 126.23; 128B.03, subdivision 4; 129.128; 129C.10, by adding a subdivision; 141.35; 275.125, subdivisions 5c, 5e, 6h, 6i, 8b, 9a, 9b, 9c, and 11d; 298.28, subdivision 4; 326.03, subdivision 2; 465.71; 475.62; Minnesota Statutes Second 1989

Supplement, sections 121.904, subdivision 4a; 124.2442, subdivision 1; 124.83, subdivision 4; 124A.03, subdivision 2; 124A.23, subdivision 1; 124A.26, subdivision 1; and 275.125, subdivision 18; Laws 1984, chapter 463, article 6, section 15, subdivision 2; Laws 1989, chapter 202, section 6, subdivisions 7 and 8; Laws 1989, chapter 329, article 4, section 19, subdivisions 2 and 5; article 6, section 53, subdivisions 3 and 6; article 7, section 24, subdivision 6; article 11, sections 15, subdivisions 2 and 12; 16, subdivision 2; and 17, subdivision 2; article 12, section 11; proposing coding for new law in Minnesota Statutes, chapters 121, 122, 124, 125, 126, 129B, and 237; proposing coding for new law as Minnesota Statutes, chapter 124B; repealing Minnesota Statutes 1988, sections 124.43, subdivisions 2, 3, 3a, 3b, 4, 5, and 6; Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Ken Nelson, Bob McEachern, Dennis Ozment, Jerry J. Bauerly, Becky Kelso

Senate Conferees: (Signed) Randolph W. Peterson, James C. Pehler, Ember D. Reichgott, Ronald R. Dicklich

### CALL OF THE SENATE

Mr. Peterson, R.W. imposed a call of the Senate for the balance of the proceedings on H.F. No. 2200. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Peterson, R.W. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2200 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. 2200 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 20, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kroening	Metzen	Reichgott
Beckman	Flynn	Langseth	Moe, D.M.	Schmitz
Berg	Frederickson, D.J.	Lantry	Moe, R.D.	Solon
Berglin	Frederickson, D.R.	Larson	Morse	Spear
Bertram	Freeman	Lessard	Pehler	Stumpf
Cohen	Hughes	Luther	Peterson, R.W.	Vickerman
Davis	Johnson, D.E.	Marty	Piper	
DeCramer	Johnson, D.J.	Merriam	Pogemiller	

Those who voted in the negative were:

Anderson	Brataas	Frederick	Novak	Ramstad
Benson	Dahl	Laidig	Olson	Renneke
Bernhagen	Decker	McGowan	Pariseau	Storm
Brandl	Frank	McQuaid	Piepho	Waldorf

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. 2478 at 8:00 p.m.:

Messrs. Belanger, Novak, Pogemiller, Stumpf and Johnson, D.J. The motion prevailed.

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 2617 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 2617**

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; reducing appropriations for the biennium ending June 30, 1991, with certain conditions; providing for the transfer of money in the state treasury; amending Minnesota Statutes 1989 Supplement, section 297B.09, subdivision 1.

April 22, 1990

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. 2617, 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. 2617 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [TRANSPORTATION AND OTHER AGENCIES; APPROPRIATIONS.]

The sums shown in the columns marked “APPROPRIATIONS” are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures “1990” and “1991” mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1990, or June 30, 1991, respectively. Sums shown in parentheses are reduced from the general fund appropriations to the specified agencies in Laws 1989, chapter 269, or another named law.

**SUMMARY BY FUND**

	1990	1991	TOTAL
General	\$ 769,000	\$ 1,106,000	\$ 1,875,000
Transit Assistance	516,000	(1,600,000)	(1,084,000)
Tr. Hwy.		(3,642,000)	(3,642,000)
Hwy. User		134,000	134,000
M.S.A.S.		( 800,000)	( 800,000)
C.S.A.H.		(2,700,000)	(2,700,000)

Special Revenue 50,000 50,000

APPROPRIATIONS

1990 1991

\$ \$

Sec. 2. TRANSPORTATION

(a) General fund 1,500,000

This appropriation is for transfer to the transit assistance fund.

(b) Trunk highway fund

(1) General reduction (3,300,000)

The commissioner of transportation shall refund to the city of Dakota \$4,500 that the city paid to have parcel 12A reconveyed to it for public purposes. The refund must not be paid until the city of Dakota has entered into a covenant with the state to use the land only for public purposes and that fee title to the land will revert to the state whenever the land ceases to be used for a public purpose.

(2) Truck safety program 200,000

Six positions in the approved complement of the department are transferred from the federal fund to the trunk highway fund.

(c) County state aid highway fund (2,700,000)

(d) Municipal state aid street fund ( 800,000)

(e) Transit assistance fund ( 950,000)

\$650,000 of this reduction is in the appropriation for light rail transit.

\$300,000 of this reduction is in the appropriation for Greater Minnesota Transit assistance.

Sec. 3. TRANSPORTATION  
REGULATION BOARD

58,000

This appropriation is from the trunk highway fund.

Sec. 4. TRANSPORTATION STUDY BOARD

134,000

This appropriation is from the highway user tax distribution fund and is added to the appropriation in Laws 1988, chapter 603, section 7, item (a).

Sec. 5. REGIONAL TRANSIT BOARD

(a) General fund (1,497,000)

This reduction reflects the transfer of responsibility for funding certain metro mobility services

from the regional transit board to the commissioner of human services.

(b) Transit assistance fund 516,000 ( 650,000)

\$516,000 the first year is to replace money canceled to the fund at the close of fiscal year 1989 because of a delay in the effective date of a general restructuring of regular route fares.

Sec. 6. PUBLIC SAFETY

(a) General fund ( 750,000)

(b) Trunk highway fund ( 600,000)

(c) Lawful gambling enforcement 833,000

The approved complement of the department of public safety is increased by seven positions for lawful gambling enforcement.

(d) Drug initiatives 701,000

The approved complement of the department of public safety is increased by seven positions for drug initiatives.

\$160,000 of this appropriation is for community-based crime and drug prevention programs.

\$40,000 of this appropriation is for implementation of the precursor chemical regulations.

\$175,000 of this appropriation is for drug prevention support services for high-risk target groups and communities.

\$326,000 of this appropriation is for narcotic investigation activities.

(e) The approved complement of the department is increased by five positions for school building inspection. These positions shall only be filled if funding is provided by the commissioner of education.

Sec. 7. BOARD OF PEACE OFFICER STANDARDS AND TRAINING ( 75,000)

Sec. 8. DEPARTMENT OF COMMERCE

Administrative Services ( 85,000)

The report required by Laws 1989, chapter 269, section 11, subdivision 7, on the cost effectiveness of care provided by members of the healing arts need not be submitted until January 1, 1991.

Sec. 9. AGRICULTURE 747,000 ( 497,000)

\$597,000 the first year is to reimburse counties and townships for up to 50 percent of the costs



incurred for grasshopper control activities undertaken during calendar year 1989. Eligible costs must be documented and submitted on forms provided by the commissioner of agriculture. Reimbursements must be made only for activities conducted in designated grasshopper control zones.

Notwithstanding Minnesota Statutes, section 37.03, subdivision 1, paragraph (d), and only until June 30, 1991, two elected delegates and the president of the Red River Valley Winter Shows may represent the organization on the state agricultural society pursuant to the other provisions of Minnesota Statutes, chapter 37.

Sec. 10. WORLD TRADE CENTER

- (a) General reduction ( 50,000)
- (b) International convention 35,000

This appropriation is to be matched with \$25,000 in goods and services from other sources to conduct the World Export Processing Zone Association international convention to be held in Minnesota in May 1991.

Sec. 11. BOARD OF WATER AND SOIL RESOURCES ( 200,000)

Sec. 12. BOARD OF ANIMAL HEALTH ( 40,000)

The approved complement of the board of animal health is increased by one position.

Sec. 13. BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, AND LANDSCAPE ARCHITECTURE 22,000

Sec. 14. PUBLIC SERVICE ( 50,000)

Sec. 15. GAMING

Lawful gambling 1,300,000

The approved complement of the department of gaming is increased by 24 positions.

The director of the state lottery shall reimburse the general fund \$150,000 in fiscal year 1991 for lottery-related costs incurred by the department of public safety.

Sec. 16. MINNESOTA HISTORICAL SOCIETY

- (a) General reduction ( 125,000)
- (b) Humanities commission 25,000

This appropriation is to plan a Humanities center.

Sec. 17. BOARD OF THE ARTS

- (a) General reduction ( 125,000)

(b) Matching grant 116,000

This appropriation is to match a grant from the National Endowment for the Arts.

Sec. 18. INDIAN AFFAIRS COUNCIL

(a) Reburial of Indian Remains 90,000

(b) Indian Business Loan Program 50,000

This appropriation is from the special revenue fund.

The approved complement of the council is increased by one position for this activity.

Sec. 19. [MANAGING REDUCTIONS.]

*Subdivision 1. [APPROPRIATION AVAILABILITY.] If the appropriation from the general fund to an agency listed in this act in either year of the biennium ending June 30, 1991, is insufficient, upon the advance approval of the commissioner of finance the appropriation for the other year is available for it.*

*Subd. 2. [BASE REDUCTIONS.] The appropriations reduced from an agency by this act, before any adjustments under subdivision 1, must not be added back to the agency's appropriation base for the 1992-1993 biennium.*

Sec. 20. [RULES FOR AQUACULTURE RESEARCH PERMITS.]

*Not later than October 1, 1991, the commissioner of agriculture, in consultation with the commissioners of health, natural resources, and the pollution control agency, and the advisory committee established under Minnesota Statutes, section 17.49, subdivision 1, shall adopt rules to expedite permits from all permitting authorities for aquaculture research projects and for private or public-private economic ventures in aquaculture.*

Sec. 21. [EXPIRATION DATE.]

*Notwithstanding Laws 1989, chapter 269, section 20, the citizens council on Voyageurs National Park is extended until June 30, 1993.*

Sec. 22. [152.0971] [TERMS.]

*Subdivision 1. [TERMS.] For purposes of sections 152.0971 to 152.0974, the following terms have the meanings given.*

*Subd. 2. [FURNISH.] "Furnish" means to sell, transfer, deliver, send, or supply a precursor substance by any other means.*

*Subd. 3. [SUPPLIER.] A "supplier" is a manufacturer, wholesaler, retailer, or any other person in this state who furnishes a precursor substance to another person in this state.*

Sec. 23. [152.0972] [PRECURSORS OF CONTROLLED SUBSTANCES.]

*Subdivision 1. [PRECURSOR SUBSTANCES.] The following precursors of controlled substances are "precursor substances":*

- (1) phenyl-2-propanone;
- (2) methylamine;
- (3) ethylamine;

- (4) *d*-lysergic acid;
- (5) ergotamine tartrate;
- (6) diethyl malonate;
- (7) malonic acid;
- (8) ethyl malonate;
- (9) barbituric acid;
- (10) piperidine;
- (11) *n*-acetylanthranilic acid;
- (12) pyrrolidine;
- (13) phenylacetic acid;
- (14) anthranilic acid;
- (15) morpholine;
- (16) ephedrine;
- (17) pseudoephedrine;
- (18) norpseudoephedrine;
- (19) phenylpropanolamine;
- (20) propionic anhydride;
- (21) isosafrole;
- (22) safrole;
- (23) piperonal;
- (24) thionylchloride;
- (25) benzyl cyanide;
- (26) ergonovine maleate;
- (27) *n*-methylephedrine;
- (28) *n*-ethylpseudoephedrine;
- (29) *n*-methypseudoephedrine;
- (30) chloroephedrine;
- (31) chloropseudoephedrine; and
- (32) any substance added to this list by rule adopted by the state board of pharmacy.

*Subd. 2. [ADOPTION OF RULES.] The state board of pharmacy may adopt rules under chapter 14 that add a substance to the list in subdivision 1, if the substance is a precursor to a controlled substance, or delete a substance from the list. A rule adding or deleting a substance is effective only until December 31 of the year following the calendar year during which the rule was adopted.*

**Sec. 24. [152.0973] [REPORT OF TRANSACTION.]**

*Subdivision 1. [PRE-DELIVERY NOTICE.] A supplier who furnishes a precursor substance to a person in this state shall, not less than 21 days*

*before delivery of the substance, submit to the bureau of criminal apprehension a report of the transaction that includes the identification information specified in subdivision 3.*

*Subd. 2. [REGULAR REPORTS.] The bureau may authorize a supplier to submit the reports on a monthly basis with respect to repeated, regular transactions between the supplier and the purchaser involving the same substance if the superintendent of the bureau of criminal apprehension determines that:*

*(1) a pattern of regular supply of the precursor substance exists between the supplier and the purchaser of the substance; or*

*(2) the purchaser has established a record of utilizing the precursor substance for lawful purposes.*

*Subd. 3. [PROPER IDENTIFICATION.] A report submitted by a supplier under this section must include:*

*(1) a driver's license or state identification card that contains a photograph of the purchaser and includes the residential or mailing address of the purchaser, other than a post office box number;*

*(2) the motor vehicle license number of any motor vehicle owned or operated by the purchaser;*

*(3) a letter of authorization from the business for which the precursor substance is being furnished, including the business license number and address of the business, a full description of how the precursor substance is to be used, and the signature of the purchaser;*

*(4) the signature of the supplier as a witness to the signature and identification of the purchaser;*

*(5) the type and quantity of the precursor substance; and*

*(6) the method of delivery used.*

*Subd. 4. [RETENTION OF RECORDS.] A supplier shall retain a copy of the report filed under this section for five years.*

**Sec. 25. [152.0974] [EXCEPTIONS.]**

*Sections 152.0971 to 152.0974 do not apply to:*

*(1) a pharmacist or other authorized person who sells or furnishes a precursor substance on the prescription of a physician, dentist, podiatrist, or veterinarian;*

*(2) a physician, dentist, podiatrist, or veterinarian who administers or furnishes a precursor substance to patients;*

*(3) a manufacturer or wholesaler licensed by the state board of pharmacy who sells, transfers, or otherwise furnishes a precursor substance to a licensed pharmacy, physician, dentist, podiatrist, or veterinarian; or*

*(4) the furnishing or receipt of a drug that contains ephedrine, pseudoephedrine, norpseudoephedrine, or phenylpropanolamine and is lawfully furnished over the counter without a prescription under the federal Food, Drug, and Cosmetic Act, United States Code, title 21, chapter 9, or regulations adopted under that act.*

**Sec. 26. Minnesota Statutes 1989 Supplement, section 168.011, subdivision 7, is amended to read:**

Subd. 7. [PASSENGER AUTOMOBILE.] "Passenger automobile" means any motor vehicle designed and used for the carrying of not more than 15 persons including the driver. "Passenger automobile" does not include motorcycles ~~and~~, motor scooters, *and buses described in subdivision 9, paragraph (a), clause (2)*. For purposes of taxation only, "passenger automobile" includes pickup trucks and vans.

Sec. 27. Minnesota Statutes 1989 Supplement, section 168.011, subdivision 9, is amended to read:

Subd. 9. [BUS; INTERCITY BUS.] (a) "Bus" means (1) every motor vehicle designed for carrying more than 15 passengers including the driver and used for transporting persons, *and (2) every motor vehicle that is (i) designed for carrying more than ten passengers including the driver, (ii) used for transporting persons, and (iii) owned by a nonprofit organization and not operated for hire or for commercial purposes.*

(b) "Intercity bus" means any bus operating as a common passenger carrier over regular routes and between fixed termini, but excluding all buses operating wholly within the limits of one city, or wholly within two or more contiguous cities, or between contiguous cities and a terminus outside the corporate limits of such cities, and not more than 20 miles distant measured along the fixed route from such corporate limits.

Sec. 28. Minnesota Statutes 1989 Supplement, section 168.33, subdivision 7, is amended to read:

Subd. 7. [FEES.] In addition to all other statutory fees and taxes, a filing fee of \$3.50 is imposed on every application; except that a filing fee may not be charged for a document returned for a refund or for a correction of an error made by the department or a deputy registrar. The filing fee shall be shown as a separate item on all registration renewal notices sent out by the department of public safety. No filing fee or other fee may be charged for the permanent surrender of a certificate of title and license plates for a motor vehicle. *Filing fees collected under this subdivision by the registrar must be paid into the state treasury and credited to the highway user tax distribution fund, except fees for registrations of new motor vehicles. Filing fees collected for registrations of new motor vehicles must be paid into the state treasury with 50 percent of the money credited to the general fund and 50 percent credited to the highway user tax distribution fund.*

Sec. 29. Minnesota Statutes 1988, section 170.23, is amended to read:

170.23 [ABSTRACTS; FEE; ADMISSIBLE IN EVIDENCE.]

The commissioner shall upon request furnish any person a certified abstract of the operating record of any person subject to the provisions of this chapter, and, if there shall be no record of any conviction of such person of violating any law relating to the operation of a motor vehicle or of any injury or damage caused by such person, the commissioner shall so certify. Such abstracts shall not be admissible as evidence in any action for damages or criminal proceedings arising out of a motor vehicle accident. A fee of \$5 shall be paid for each such abstract. The commissioner shall permit a person to inquire into the operating record of any person by means of the inquiring person's own computer facilities for a fee to be determined by the commissioner of at least \$2 for each inquiry. The commissioner shall furnish an abstract that is not certified for a fee to be determined by the commissioner in an amount less than the fee for a certified abstract but more than the fee for an inquiry by computer. *Fees collected under this*

*section must be paid into the state treasury with 90 percent of the money credited to the trunk highway fund and ten percent credited to the general fund.*

Sec. 30. Minnesota Statutes 1989 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 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.

(b) ~~Thirty~~ *Twenty-five* percent of the money collected and received under this chapter after June 30, ~~1988~~ 1990, and before July 1, 1991, must be transferred to the highway user tax distribution fund and the transit assistance fund for apportionment as follows: 75 percent must be transferred to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund, and the remaining 25 percent of the money must be transferred to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state and to the regional transit board.

(c) Five percent of the money collected and received under this chapter after June 30, 1989, and before July 1, 1991, must be transferred as follows: 75 percent must be transferred to the trunk highway fund and 25 percent must be transferred to the transit assistance fund.

(d) ~~Thirty-five~~ *Thirty* percent of the money collected and received under this chapter after June 30, 1991, must be transferred as follows: 75 percent must be transferred to the trunk highway fund and 25 percent must be transferred to the transit assistance fund.

(e) The distributions under this subdivision to the highway user tax distribution fund until June 30, 1991, and to the trunk highway fund thereafter, must be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1. For the fiscal years ending June 30, 1988, and June 30, 1989, the commissioner of finance, before making the transfers required on July 15 and January 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. 31. [299A.331] [DARE ADVISORY COUNCIL.]

*Subdivision 1. [MEMBERSHIP.] The advisory council on drug abuse resistance education consists of:*

- (1) the attorney general who shall serve as chair;*
- (2) the commissioner of public safety;*
- (3) the commissioner of education;*
- (4) three representatives of law enforcement appointed by the commissioner of public safety;*
- (5) three representatives of education appointed by the commissioner of education;*
- (6) a representative of the DARE officers association appointed by the peace officer standards and training board from among recommendations of the association; and*
- (7) seven citizens appointed by the attorney general.*

*Subd. 2. [DUTIES.] The council shall:*

- (1) advise the bureau of criminal apprehension in establishing a drug abuse resistance education training program for peace officers;*
- (2) promote the drug abuse resistance education program throughout the state;*
- (3) monitor the drug abuse resistance education officer training program in conjunction with the bureau of criminal apprehension;*
- (4) provide coordination and assistance to local communities who wish to implement drug abuse resistance education programs in their local school systems;*
- (5) encourage parental and community involvement in drug abuse resistance education programs;*
- (6) develop a private and public partnership to provide for continuation and funding for the drug abuse resistance education program; and*
- (7) receive money from public and private sources for use in the drug abuse resistance education program.*

Sec. 32. [EFFECTIVE DATE.]

*This act 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; reducing appropriations for the biennium ending June 30, 1991, with certain conditions; providing for the transfer of money in the state treasury; regulating certain activities and practices; amending Minnesota Statutes 1988, section 170.23; Minnesota Statutes 1989 Supplement, sections 168.011, subdivisions 7 and 9; 168.33,

subdivision 7; and 297B.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 152 and 299A.”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Keith Langseth, Charles A. Berg, Clarence M. Purfeerst, James P. Metzen

House Conferees: (Signed) James I. Rice, John J. Sarna, Bernard L. “Bernie” Lieder, Henry J. Kalis, Arthur W. Seaberg

Mr. Langseth moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2617 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. 2617 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 6, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knaak	Merriam	Piper
Anderson	DeCramer	Kroening	Metzen	Pogemiller
Beckman	Dicklich	Laidig	Moe, D.M.	Ramstad
Belanger	Flynn	Langseth	Moe, R.D.	Reichgott
Berg	Frank	Lantry	Morse	Samuelson
Berglin	Frederickson, D.J.	Larson	Novak	Schmitz
Bertram	Frederickson, D.R.	Lessard	Olson	Solon
Brandl	Freeman	Luther	Pariseau	Spear
Cohen	Hughes	Marty	Pehler	Stumpf
Dahl	Johnson, D.E.	McGowan	Peterson, R.W.	Vickerman
Davis	Johnson, D.J.	McQuaid	Piepho	Waldorf

Those who voted in the negative were:

Benson	Frederick	Knutson	Renneke	Storm
Bernhagen				

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

## MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1847 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1847

A bill for an act relating to human rights; amending the definition of age; clarifying medical information obtainable from prospective employees; clarifying protection for pregnant employees; prohibiting threats against home owners and renters; prohibiting discriminatory business practices; clarifying the meaning of business necessity and continuing violations; renumbering definitions; amending Minnesota Statutes 1988, sections 363.01, subdivision 28; 363.03, subdivisions 2, 8a, and by adding subdivisions; 363.06, subdivision 1, and by adding a subdivision; 363.071, by adding subdivisions; 363.116; Minnesota Statutes 1989 Supplement, sections 363.02, subdivision 1; and 363.03, subdivision 1.



April 20, 1990

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. 1847, 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. 1847 be further amended as follows:

Pages 13 and 14, delete sections 9, 10, and 11

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ember D. Reichgott, Richard J. Cohen, Gary W. Laidig

House Conferees: (Signed) Howard Orenstein, Dave Bishop

Ms. Reichgott moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1847 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. 1847 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	Decker	Knutson	Metzen	Reichgott
Anderson	DeCramer	Kroening	Moe, D.M.	Renneke
Beckman	Dicklich	Laidig	Moe, R.D.	Samuelson
Belanger	Flynn	Langseth	Morse	Schmitz
Benson	Frank	Lantry	Novak	Spear
Berglin	Frederick	Larson	Olson	Storm
Bernhagen	Frederickson, D.J.	Lessard	Pariseau	Stumpf
Bertram	Frederickson, D.R.	Luther	Pehler	Vickerman
Brandl	Freeman	Marty	Peterson, R. W.	Waldorf
Cohen	Hughes	McGowan	Piepho	
Dahl	Johnson, D.E.	McQuaid	Piper	
Davis	Knaak	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. 1854 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1854

A bill for an act relating to government data practices; establishing procedures for computerized comparisons of data; requiring matching agreements; providing for contesting of data; requiring reviews and reports; imposing penalties; proposing coding for new law as Minnesota Statutes, chapter 13B.

April 21, 1990

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. 1854, 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. 1854 be further amended as follows:

Page 2, line 24, delete the first comma and insert "*or*" and delete "*, or political subdivision*"

Page 3, delete line 3

Renumber the remaining clauses

Page 3, delete section 4

Page 4, line 1, delete "[13B.05]" and insert "[13B.04]" and delete "REVIEW;"

Page 4, delete lines 2 to 6

Page 4, line 7, delete everything before "A"

Page 4, line 11, delete everything after "*in*"

Page 4, line 12, delete everything before "*a*"

Page 4, after line 13, insert:

"Sec. 5. Minnesota Statutes 1988, section 90.301, subdivision 6, is amended to read:

Subd. 6. [TICKET FOR THEFT VIOLATIONS.] The commissioner may design and issue a ticket in the form, and having the effect, of a summons and complaint, for use in cases of theft of state timber or other state property, where the value of the property is within the limits established by section 609.52, subdivision 3, clause ~~(7)~~ (5). The ticket shall provide for the name and address of the person charged with the violation, the offense charged, the time and place the person is to appear before a court, and any other necessary information.

Sec. 6. Minnesota Statutes 1988, 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)~~ (3)(a) and (c), (4), and (5).

Sec. 7. Minnesota Statutes 1988, section 256B.35, subdivision 5, is amended to read:

Subd. 5. The nursing home may transfer the personal allowance to someone other than the recipient only when the recipient or the recipient's guardian or conservator designates that person in writing to receive or expend funds on behalf of the recipient and that person certifies in writing that the allowance is spent for the well-being of the recipient. Persons, other than the recipient, in possession of the personal allowance, may use the allowance only for the well-being of the recipient. Any person, other than the recipient, who, with intent to defraud, uses the personal needs allowance for purposes other than the well-being of the recipient shall be guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (2), ~~(3), and (7)~~ (3)(a) and (c), (4), and (5). To prosecute under this subdivision, the attorney general or the appropriate county attorney, acting independently or at the direction of the attorney general, may institute a criminal action. A nursing home that transfers personal needs allowance funds to a person other than the recipient in good faith and in compliance with this section shall not be held liable under this subdivision.

Sec. 8. Minnesota Statutes 1988, 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)~~ (3)(a) and (c), (4), and (5). 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."

Page 4, delete section 6 and insert:

"Sec. 9. [REPEALER.]

*Section 2 is repealed effective July 31, 1992."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after "to" insert "statutes and other" and delete "practices"

Page 1, line 5, delete "reviews and"

Page 1, line 6, delete "imposing penalties" and insert "correcting certain statutory references; amending Minnesota Statutes 1988, sections 90.301, subdivision 6; 256.98, subdivision 1; 256B.35, subdivision 5; 268.18, subdivision 3"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Randolph W. Peterson, Gene Merriam, Fritz Knaak

House Conferees: (Signed) Thomas W. Pugh, Randy C. Kelly, Kathleen Blatz

Mr. Peterson, R.W. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1854 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. 1854 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	Knaak	Metzen	Reichgott
Anderson	Decker	Kroening	Moe, D.M.	Renneke
Beckman	DeCramer	Laidig	Moe, R.D.	Samuelson
Belanger	Dicklich	Langseth	Morse	Schmitz
Benson	Flynn	Lantry	Novak	Spear
Berglin	Frank	Larson	Olson	Storm
Bernhagen	Frederick	Lessard	Pariseau	Stumpf
Bertram	Frederickson, D.J.	Luther	Pehler	Vickerman
Brandl	Frederickson, D.R.	Marty	Peterson, R.W.	
Brataas	Freeman	McGowan	Piepho	
Cohen	Hughes	McQuaid	Piper	
Dahl	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. 2621 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 2621**

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 1988, sections 13.46, subdivision 5; 144A.073, by adding a subdivision; 245A.07, subdivision 3; 245A.08, subdivision 3; 245A.16, subdivision 4; 254B.04, subdivision 1; 254B.08; 256.736, subdivision 3a; 256.936, by adding a subdivision; 256B.04, subdivisions 15 and 16; 256B.055, subdivisions 3, 5, 6, and 12; 256B.056, subdivisions 2 and 7, and by adding a subdivision; 256B.0625, subdivisions 4, 5, 9, and by adding subdivisions; 256B.091, subdivisions 4 and 6; 256B.092, subdivisions 1a and 1b, and by adding subdivisions; 256B.15; 256B.19, by adding a subdivision; 256B.431, subdivision 3e, and by adding subdivisions; 256B.48, subdivision 2, and by adding a subdivision; 256B.49, by adding a subdivision; 256B.50, subdivisions 1 and 1b; 256B.501, subdivision 3e, and by adding a subdivision; 256B.69, subdivision 3; 256D.03, subdivision 7; 256E.06, subdivisions 2 and 7; 256H.01, by adding subdivisions; 518.171, subdivisions 1, 3, 4, and 7; 518.54, by adding subdivisions; 518.551, subdivisions 1 and 5; 518.611, subdivisions 1, 2, 8, and 8a, and by adding a subdivision; 518C.02, by adding subdivisions; 518C.03; 518C.05; 518C.09; 518C.12; and 518C.27, subdivision 1; Minnesota Statutes 1988, section 252.27, as amended by Laws 1989, chapter 282, article 2, section 92; Minnesota Statutes 1989 Supplement, sections 144.50, subdivision 6; 245.470, subdivision 1; 245.488, subdivision 1; 245A.02, subdivision 6a; 245A.03, subdivision 2; 245A.04, subdivisions 3, 3a, and 3b; 245A.12; 245A.13; 245A.16, subdivision 1; 252.46, subdivisions 1, 2, 3, 4, and 12; 254B.03, subdivision 4; 256.736, subdivision 16; 256.74, subdivision 1; 256.936, subdivision 1; 256.969, subdivisions 2c and 6a; 256.9695, subdivisions 1 and 3; 256B.055, subdivision 7; 256B.056, subdivisions 3 and 4; 256B.057, subdivisions 1 and 2, and by adding subdivisions; 256B.0575; 256B.059, subdivisions 4 and 5; 256B.0595, subdivisions 1, 2, and 4; 256B.0625, subdivision 13; 256B.091, subdivision 8; 256B.14; 256B.431, subdivision 2b; 256B.495, subdivision 1; 256B.69, subdivision 16; 256D.03, subdivisions 3, 4, and 6; 256D.425, subdivision 3; 256H.03, subdivisions 2, 2a, and 2b; 256H.05, subdivisions 1b, 1c, 2, and 5; 256H.08; 256H.15, subdivisions 1 and 2; 256I.05, subdivisions 1 and 7; 257.57, subdivision 1; 518.551, subdivision 10; 518.611, subdivision 4; and 518.613, subdivision 2; Laws 1988, chapter 689, article 2, section 256; Laws 1989, chapter 282, article 3, section 98, subdivisions 4 and 5; proposing coding for new law in Minnesota Statutes, chapters 60A; 144; 245A; 252; 254A; 256; and 256B; repealing Minnesota Statutes 1988, sections 256.736, subdivision 8; 256B.0625, subdivision 2; 256B.431, subdivisions 3, 3b, 3c, and 3d; and 256B.50, subdivision 2; Minnesota Statutes 1989 Supplement, sections 256.736, subdivision 15; 256B.055, subdivision 8; and 256B.431, subdivisions 3a and 3f.

April 23, 1990

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. 2621, 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. 2621 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 “1990” and “1991,” where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1990, or June 30, 1991, respectively.

SUMMARY BY FUND

	1990	1991	TOTAL
General	\$ 37,870,000	\$ 60,925,000	\$ 98,795,000
Special Revenue	\$ 50,000	\$ 91,000	\$ 141,000
<b>TOTAL</b>	<b>\$ 37,920,000</b>	<b>\$ 61,016,000</b>	<b>\$ 98,936,000</b>

APPROPRIATIONS

Available for the Year  
Ending June 30,  
1990                      1991

Sec. 2. HUMAN SERVICES

Subdivision 1. Appropriation by Fund

General Fund	38,727,000	58,060,000
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This appropriation is added to the appropriation in Laws 1989, chapter 282, article 1, section 2.

Subd. 2. Human Services Administration	(115,000)	350,000
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Of this appropriation, \$200,000 is for distressed county grants. The commissioner shall award grants to counties that received aid under Minnesota Statutes, section 245.775, for state fiscal year 1989. The amount of the grant for each county is 20 percent of the amount received in state fiscal year 1989.

Subd. 3. Legal and Intergovernmental Programs	-0-	(138,000)
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Subd. 4. Social Services	3,236,000	13,953,000
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Notwithstanding Minnesota Statutes, section

254B.02, money appropriated for the consolidated chemical dependency treatment fund for fiscal year 1990 may be allocated as needed to the reserve accounts created by Minnesota Statutes, sections 254B.02, subdivision 3, and 254B.09, subdivisions 5 and 7.

Of this appropriation, \$20,000 is for a pilot project in Stearns county involving court-ordered chemical dependency assessments and treatment for offenders. Under the pilot program, when a court sentences a defendant convicted of a felony and it appears from the presentence investigation that alcohol or controlled substance abuse was a contributing factor to the commission of the crime, the court may order that the defendant be assessed for chemical dependency. In addition, any defendant convicted of a violation of Minnesota Statutes, section 609.21 or a felony violation of Minnesota Statutes, section 169.09 shall be assessed for chemical dependency as part of the presentence investigation. The assessment shall be conducted by a local agency, as defined in Minnesota Statutes, section 254B.01, subdivision 5, or by a court-designated assessor qualified under rules adopted under Minnesota Statutes, section 254B.03, subdivision 3, or credentialed by the Institute for Chemical Dependency Professionals. If the local agency or the court-appointed assessor finds that the defendant is chemically dependent or abusive, the court may order that the defendant be treated for chemical dependency or abuse. In any case, the local agency shall determine the appropriate level of care and authorize payment under Minnesota Statutes, chapter 254B up to the amount of this appropriation without a local match; provided that if the assessment is conducted by a court-appointed assessor, its findings shall be provided to the local agency and the commissioner of human services before payment under chapter 254B is authorized. The pilot program expires June 30, 1991.

The amount appropriated in fiscal year 1991 to pay for child care subsidy expenses above the amount allowed by the federal government shall not be included as a base adjustment in the fiscal year 1992-1993 biennial budget request. The commissioner shall report to the legislature regarding this provision including its effect on county record keeping practices and federal financial reimbursement. The commissioner may request additional money to continue this activity.

Money appropriated in Laws 1989, chapter 282, article 1, section 2, subdivision 4, for the Joining Forces pilot projects does not cancel, but is available for fiscal year 1991. The amount appropriated for this activity shall not be included as a base adjustment in the fiscal year 1992-1993 biennial budget request.

Subd. 5. Mental Health

-0-

(813,000)

Notwithstanding Laws 1989, chapter 282, article 1, section 2, subdivision 5, \$102,000 is transferred in fiscal year 1991 from state mental health grants to state mental health administration, and 2.25 positions are authorized to implement federal requirements relating to nursing homes and people with mental illness.

The \$10,000 appropriated for camping activities for persons with mental illness by Laws 1989, chapter 282, article 1, section 2, subdivision 5, shall be used for adults with mental illness from across the state, for a camping program which utilizes the BWCA and is cooperatively sponsored by client advocacy, mental health treatment, and outdoor recreation agencies.

\$500,000 may be transferred from the appropriation in Laws 1989, chapter 282, article 1, section 2, subdivision 5, in fiscal year 1990 for state mental health grants to fiscal year 1991 for state mental health special projects. These funds are to be used for alternative placements for people being discharged from the Metro Regional Treatment Center.

Notwithstanding the rider relating to the family-based community support pilot project in Laws 1989, chapter 282, article 1, section 2, subdivision 5, the base funding level for the project for the 1992-1993 biennial budget must be a straight line annualization of the fiscal year 1991 appropriation.

Subd. 6. Family Support Programs

(5,102,000) (3,485,000)

(a) Aid to Families with Dependent Children, General Assistance, Work Readiness, and Minnesota Supplemental Aid

\$(2,352,000) \$(1,143,000)

(b) Family Support Programs Administration

\$(2,750,000) \$(2,342,000)

During the biennium ending June 30, 1991, the commissioner may request, and



providers receiving General Assistance or Minnesota Supplemental Aid negotiated rate payments must provide, information about their operating costs and property costs used in determining their negotiated rates. This information must be provided in a format specified by the commissioner.

The commissioner may transfer money from other departmental administrative accounts to the child support enforcement and MAXIS information systems account to pay for fiscal year 1991 system costs, if necessary.

Money appropriated in Laws 1989, chapter 282, article 1, section 2, subdivision 6, for assisting in the development of a statewide negotiated rate setting system does not cancel to the general fund but is available in fiscal year 1991.

The commissioner of human services shall postpone the implementation of the establishment of program operating cost payment rates as provided in Minnesota Statutes, section 256B.501, subdivision 3g, until October 1, 1992. Beginning January 1, 1990, each facility's interdisciplinary team shall assess each new admission to the facility. The quality assurance and review teams in the department of health shall continue to assess all residents annually. The quality assurance and review teams and the interdisciplinary team shall assess residents using a uniform assessment instrument developed by the commissioner of human services and the ICF/MR reimbursement and quality assurance and review procedures manual. The commissioner of human services shall annually collect client statistical data based on assessments performed by the quality assurance and review teams and by the interdisciplinary team on the cost reports submitted by the facility and may use this data in the calculation of operating cost payment rates after October 1, 1992.

Federal financial participation received during the biennium ending June 30, 1991, for self-employment investment demonstration project expenditures is appropriated to the commissioner to

operate the self-employment investment demonstration project.

Money appropriated in Laws 1989, chapter 282, article 1, section 2, subdivision 6 for administration and maintenance of the child support enforcement information system does not cancel but is available for fiscal year 1991 to finalize development of the system.

\$50,000 for fiscal year 1991 is for a study of migration of welfare recipients and for a study of items that should be included in calculating the AFDC standard of need.

Subd. 7. Health Care Programs	40,708,000	48,293,000
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(a) Medical Assistance, General Assistance Medical Care, Preadmission Screening and Alternative Care Grants, and Children's Health Plan

\$ 40,708,000	\$ 47,120,000
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Money appropriated for preadmission screening and alternative care grants for fiscal year 1991 may be used for these purposes in fiscal year 1990.

Payments for obstetrical and pediatric services rendered on or after July 1, 1990, to medical assistance recipients are increased by 15 percent. This increase must be applied to the provider categories under section 6402(b) of the Omnibus Budget Reconciliation Act of 1989, and applicable federal guidelines. For obstetrical services, this increase is in addition to the 10 percent increase effective October 1, 1988.

Of this appropriation, up to \$14,000 may be used to reimburse the state share of medical assistance allowable payments to pharmacies providing services to one or more nursing homes during the period of May to December 1987, for claims rejected under Minnesota Rules, part 9505.0450. The reimbursement is available only if the pharmacy demonstrates to the satisfaction of the commissioner that its computer system failed to recognize a claim for electronic billing because a computer file indicator designated the claim as a manual bill.

Effective for services rendered on or after

July 1, 1990, medical assistance payments to ambulance services are increased by 7.5 percent from the lower of: (1) the submitted charges; or (2) the 50th percentile of the prevailing charge for 1982.

Medical assistance and general assistance medical care payments for individual and group psychotherapy rendered on or after July 1, 1990, are reduced by six percent. Effective for services rendered on or after October 1, 1990, the payment rate for masters-prepared social workers and registered nurses providing mental health services is 65 percent of the rate paid to other mental health professionals.

Notwithstanding Laws 1989, chapter 282, article 1, section 2, subdivision 7, clause (a), the 50th percentile of the prevailing charge for 1982 must be estimated by the commissioner in the following situations:

- (1) there were less than ten billings in the calendar year specified in legislation governing maximum payment rates;
- (2) the service was not available in the calendar year specified in legislation governing maximum payment rates;
- (3) the payment amount is the result of a provider appeal;
- (4) the procedure code description has changed since the calendar year specified in legislation governing maximum payment rates, and, therefore, the prevailing charge information reflects the same code but a different procedure description; or
- (5) the 50th percentile reflects a payment which is grossly inequitable when compared with payment rates for procedures or services which are substantially similar.

When one of the above situations occur, the commissioner will use the following methodology to reconstruct a rate comparable to the 50th percentile of the prevailing rate:

- (1) refer to information which exists for the first nine billings in the calendar year specified in legislation governing maximum payment rates; or

(2) refer to surrounding or comparable procedure codes; or

(3) refer to the 50th percentile of years subsequent to the calendar year specified in legislation governing maximum payment rates and backdown the amount by applying an appropriate Consumer Price Index formula; or

(4) refer to relative value indexes; or

(5) refer to reimbursement information from other third parties, such as Medicare.

If the federal government approves a client-specific invoice payment system, the nonfederal share of the costs of case management services provided to persons with mental retardation or related conditions receiving home- and community-based services funded through the waiver granted under section 1915(c)(7)(B) of the Social Security Act shall be provided from state-appropriated medical assistance grant funds for the biennium ending, June 30, 1991. The division of cost is subject to the provisions of Minnesota Statutes, section 256B.19, and the services are included as covered programs and services under Minnesota Statutes, section 256.025, subdivision 2.

If the federal government does not approve a client-specific invoice payment system for this waiver, state funds currently appropriated to the medical assistance grant fund shall be transferred to a separate nonmedical assistance account. The commissioner shall use this account to establish a pilot program to reimburse counties for case management to persons served under this waiver. To be eligible for payment, counties must submit requests for reimbursement in the form prescribed by the commissioner.

The rate for case management services funded for any person served by this waiver shall not exceed the lesser of the current average rate for case management services provided to all persons served under the home- and community-based waiver for persons with developmental disabilities in the same county or

\$65 per hour. The amount of case management per person funded in this manner must not exceed 30 hours for a recipient in fiscal year 1991 unless otherwise authorized by the commissioner. Total state money expended under this provision must not exceed \$67,000 for the biennium ending June 30, 1991.

Any transfer of money to implement this provision must be made by direction of the governor after consulting with the legislative advisory commission.

The maximum pharmacy dispensing fee under medical assistance and general assistance medical care is \$4.10.

If approved by the federal government, medical assistance payments to American Indian health services facilities for outpatient medical services billed after June 30, 1990, must be in accordance with the rate published by the United States Assistant Secretary for Health under the authority of United States Code, title 42, sections 248(a) and 249(b). General assistance medical care payments to American Indian health services facilities for the provision of outpatient medical care services billed after June 30, 1990, must be in accordance with the general assistance medical care rates paid for the same services when provided in a facility other than an American Indian health service facility.

In order to facilitate outreach for prenatal and infant medical care covered under Minnesota Statutes, chapters 265B and 256D, such care is considered part of Minnesota's plan for children's health care and may be referred to as the Children's Health Plan Medical Assistance portion. Eligibility for these services shall be included in descriptions, outreach materials, and other communications about the Children's Health Plan.

**(b) Health Care Programs**

Administration \$ -0- \$ 1,173,000

For fiscal years 1990 and 1991, federal receipts received for review of medical assistance prepaid health plan activities and for the study of utilization of outpatient mental health services by children enrolled in medical assistance are

appropriated to the commissioner for these purposes.

For fiscal years 1990 and 1991, federal money received as a result of state expenditures for the development of an early childhood screening tool to screen for mental health problems in children through the early, periodic, screening, diagnosis, and treatment component of the medical assistance program is appropriated to the commissioner for development and training. The state appropriation for this activity shall not be included as a base adjustment in the fiscal year 1992-1993 biennial budget request.

Notwithstanding Laws 1989, chapter 282, article 3, section 62, for the biennium ending June 30, 1991, the commissioner may transfer money from contracts to salaries to hire qualified persons to provide case management to brain-injured persons.

For the biennium ending June 30, 1991, the commissioner may transfer money from contracts to salaries to hire two registered nurses to identify and restrict medical assistance and general assistance medical care recipients who have used services frequently or in an amount that is not medically necessary.

Before collecting the changed parental contribution under article 2, section 56, counties must provide 30 days advance, written notice of the amount of an increased or new parental contribution.

The commissioner of human services, in consultation with the commissioners of revenue and commerce, shall study issues related to prescription drug costs. Issues to be examined must include, but are not limited to, the following: levels of copayments and deductibles for prescription drug coverage, the cost of prescription drugs, the need for prescription drug coverage among the general population, and the feasibility of private and public initiatives to ensure affordable prescription drug coverage. The study must examine the feasibility of a state assistance program for persons with high out-of-pocket expenses for prescription

maintenance and life-sustaining medications who are ineligible for medical assistance or general assistance medical care, do not have private or employer-sponsored health insurance coverage for prescription drug expenses, and have family incomes equal to or less than 185 percent of federal poverty guidelines. The study must provide recommendations for setting the level of out-of-pocket expenses for prescription maintenance and life-sustaining medications at which the state would provide assistance; examine the practicality and costs of different methods of providing assistance, including the provision of tax credits and the establishment of a state program to provide direct payment for out-of-pocket expenses for prescription maintenance and life-sustaining medications; and provide estimates of the eligible population and costs of the program for different out-of-pocket expense eligibility levels and methods of providing assistance. The commissioner of human services shall report findings and recommendations to the legislature by February 15, 1991.

Of the appropriation for 1991, \$70,000 is for a regional demonstration project under Minnesota Statutes, section 256B.73, to provide health coverage to low-income uninsured persons. Money appropriated in Laws 1988, chapter 689, article 1, section 2, subdivision 5, for the project does not cancel but is available for 1991. These appropriations are 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.

The commissioner of human services shall study the impact the use of nursing and other personnel employed by temporary help employment agencies is having on nursing homes reimbursed by the medical assistance program. The study shall gather information on rates charged by employment agencies compared with

wages paid to nursing home employees and shall determine the impact the use of employment agency personnel is having on nursing homes reimbursed by medical assistance, including staff retention problems, staff morale problems, continuity of care concerns, and financial impact. The commissioner shall report the results of the study to the legislature by December 15, 1990, along with recommendations for reducing the need for nursing homes to use employees provided by employment agencies and recommendations regarding the need for further regulation of temporary help employment agencies that supply personnel for nursing homes.

Subd. 8. State Residential  
Facilities

-0-

(100,000)

Notwithstanding Minnesota Statutes sections 94.09 to 94.16, the commissioner of administration may transfer the title of the state-owned electrical substation located at the Brainerd regional human service center to the Brainerd public utilities commission. The transfer may include the substation, allied equipment, and real estate needed for access to the substation.

Notwithstanding Minnesota Statutes, section 245.50, subdivision 3, clause (5), and section 246.23, the commissioner may enter into interstate contractual agreements to provide chemical dependency services through regional treatment center programs if the contracts provide for full payment for the services from private funds, nongovernmental third-party payments, or a non-Minnesota state governmental entity.

Sec. 3. VETERANS NURSING  
HOMES BOARD

-0-

(275,000)

For the biennium ending June 30, 1991, the board may set "costs of care" at the Silver Bay facility based on costs from average skilled nursing care provided to residents of the Minneapolis Veterans Home.

Sec. 4. COMMISSIONER OF JOBS  
AND TRAINING

Subdivision 1. Appropriation by Fund



General Fund	(600,000)	(317,000)
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This appropriation is added to the appropriation in Laws 1989, chapter 282, article 1, section 5.

Subd. 2. Employment and Training

General Fund

\$(600,000)	\$(317,000)
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Effective the day following final enactment, \$200,000 of funds made available to the state under United States Code, title 42, section 1103, is appropriated from the unemployment compensation fund to the commissioner of jobs and training and is available for obligation until two years after the date of enactment of this section for use in the procurement of electronic data processing equipment by the department of jobs and training for administration of the unemployment compensation program and the system of public employment offices. The amount that may be obligated during a fiscal year is limited as required by United States Code, title 42, section 1104(d)(2)(D).

MEED service providers may retain 75 percent of outstanding payback funds they collect to be used for the cost of collection and for program closeout activities without regard to existing cost category requirements. The commissioner of jobs and training may retain the following money, up to a total of \$70,000, to be used to close out the MEED program: 25 percent of the outstanding payback funds collected by MEED service providers, 100 percent of payback funds collected by the collection agency under contract with the department, and any remaining unspent payback funds in the special revenue account.

Effective the day following final enactment, the commissioner shall estimate the amount of unobligated funds anticipated by each service provider in the Minnesota employment and economic development program on June 30, 1990, and shall reduce the amount available to each local service unit service provider by the estimated amount. If the total estimated amount is less than \$600,000, the

commissioner shall reduce each local service unit service provider proportionately to bring the total of unobligated funds to \$600,000. This reduction shall not apply to money obligated through existing contracts with employers that are in effect on the day of enactment nor shall the reduction impact negatively on the integrity of the MEED program.

Notwithstanding Laws 1989, chapter 282, article 1, section 5, subdivision 5, any balance remaining in the first year of the appropriation for the Minnesota employment and economic development program does not carry forward to the second year.

Any balance remaining in the first year of the appropriation in Laws 1989, chapter 282, article 1, section 5, subdivision 5, for the inventory, referral, and intake system does not cancel but is available for the second year.

The commissioner of finance may include as a budget change request in the fiscal year 1992 and 1993 detailed expenditure budget submitted to the legislature under Minnesota Statutes, section 16A.11, an annual adjustment in the extended employment program grants as of July 1 of each year, beginning July 1, 1991, by a percentage amount equal to the percentage increase, if any, in the consumer price index (CPI-U-U.S.) city average, as published by the Bureau of Labor Statistics, United States Department of Labor, during the preceding calendar year for the biennium ending June 30, 1993.

Sec. 5. CORRECTIONS

Subdivision 1. Total Appropriation -0- 3,537,000

This appropriation is added to the appropriation in Laws 1989, chapter 282, article 1, section 6.

Subd. 2. Correctional Institutions

\$ -0- \$2,105,000

Of this appropriation, \$1,755,000 for the biennium ending June 30, 1991, is for services to adult women offenders committed to the commissioner.

For the biennium ending June 30, 1991,

and effective May 1, 1990, the commissioner of corrections may, with the approval of the commissioner of finance and upon notification of the chairs of the health and human services divisions of the house appropriations committee and the senate finance committee, transfer funds to or from salaries.

Any unencumbered balances remaining from fiscal year 1990 shall not cancel, but are available for the second year of the biennium.

Subd. 3. Community Services

\$ -0-                    \$1,482,000

Whenever offenders are assigned for the purposes of work under agreement with any state department or agency, local unit of government, or any other government subdivision, the state department, agency, local unit of government, or other government subdivision must certify to the appropriate bargaining agent that the work performed by inmates will not result in the displacement of currently employed workers or workers on seasonal layoff or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits.

Of the appropriation for the community corrections act for fiscal year 1991, \$250,000 must be spent as follows: \$125,000 for west central Minnesota and \$125,000 for central Minnesota to establish secure juvenile detention centers. This amount must not be included in the department's base funding level for purposes of preparing the budget for fiscal years 1992 and 1993.

Subd. 4. Management Services

\$ -0-                    \$(50,000)

Sec. 6. SENTENCING GUIDELINES COMMISSION

3,000

5,000

The commission may use the \$38,000 appropriated for fiscal year 1991 for a study on the mandatory minimum sentencing law to also complete the study on correctional resources.

Sec. 7. HEALTH

Subdivision 1. Appropriation by Fund

General Fund

(260,000)

(85,000)

This appropriation is added to the appropriation in Laws 1989, chapter 282, article, section 9.

Subd. 2. Preventive and Protective Health Services

\$(210,000)

\$(357,000)

Of this amount, \$56,000 is to validate the respiratory health findings of the Childhood Respiratory Health Feasibility Study. The commissioner shall present the results of this follow-up study and recommendations to the legislature by December 1, 1992.

The commissioner shall conduct detailed planning and research concerning a state occupational health surveillance system and report the results to the legislature by June 30, 1991.

For the fiscal year ending June 30, 1991, the commissioner is authorized to accept up to \$231,904 in federal funding for indoor radon abatement if granted by the United States Environmental Protection Agency (EPA).

For the fiscal year ending June 30, 1990, the commissioner may accomplish the \$210,000 reduction in AIDS case management by reductions in other AIDS grants or other disease prevention and control activities.

Subd. 3. Health Delivery Systems

\$(50,000)

\$132,000

The commissioner shall recover the cost of establishing the regulatory systems required in Minnesota Statutes, sections 153A.13 to 153A.18, by assessing hearing instrument sellers an annual surcharge of \$36 for a period of five years. The receipts from the annual surcharge must be deposited in the general fund as nondedicated receipts.

Of the appropriation for the fiscal year ending June 30, 1991, \$250,000 is for financial assistance grants to rural hospitals in isolated areas of the state. To qualify for a grant, a hospital must (1)

be eligible to be classified as a sole-community hospital according to the criteria in the Code of Federal Regulations, title 42, section 412.92; (2) have experienced net income losses in the two most recent consecutive hospital fiscal years ending prior to January 1, 1989, for which audited financial information is available; and (3) consist of 20 or fewer licensed beds. Before applying for a grant, the hospital must have developed a strategic plan. The commissioner shall award grants in equal amounts. This appropriation shall not be included as a base adjustment in the fiscal year 1992-1993 biennial budget request.

By January 15, 1991, the department of health shall submit to the legislature, a bill providing for the licensure of residential care homes. The bill shall be based on information contained in the joint report of the departments of health and human services to the legislature prepared in accordance with Laws 1989, chapter 282, article 2, section 213. The proposal for the licensure of residential care homes shall also estimate the fiscal impact associated with implementation of a licensure program on the state, counties, and on providers of these services. The department of human services and the interagency board for quality assurance shall cooperate with the department of health in developing the legislative proposal and fiscal data. \$70,000 is appropriated from the general fund to the department of health for the purposes of completing this activity.

Notwithstanding the provisions of Minnesota Statutes, section 245A.03, subdivision 2, board and lodging establishments licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness and who have refused an appropriate residential program offered by a county agency shall be exempt from licensure under Minnesota Statutes, sections 245A.01 to 245A.16, until the residential care home license is available. At that time, these establishments shall be licensed under the provisions of Minnesota Statutes, sections 245A.01 to 245A.16, or as a

residential care home.

Notwithstanding the provisions of Minnesota Statutes, section 2561.05, subdivision 7, payments to recipients residing in a board and lodging establishment that must meet the special services licensing rules established by the commissioner of health under the provisions of Minnesota Statutes, section 157.031, for which the county has a negotiated rate, shall be increased to cover the necessary additional costs incurred by the establishment to meet the rule requirements. The necessary additional costs shall be determined by the county in which the establishment is located and approved by the commissioner of human services. In order for a recipient to receive the increased payment, a board and lodging establishment must submit information to support the necessary additional costs on forms provided by the commissioner of human services.

The special service licensing rules for board and lodging establishments required under the provisions of Minnesota Statutes, section 157.031, shall be adopted by July 1, 1991.

Notwithstanding the provisions of Minnesota Statutes, section 144A.48, subdivision 2, clause (9), the commissioner of health may issue a hospice license to a free standing residential facility that was registered and was providing hospice services as of March 1, 1990, if such facility is licensed as a board and lodging facility, provides services to no more than six residents, meets Group R, Division 3 occupancy requirements and meets the fire protection provisions of chapter 21 of the 1985 Life Safety Code, NFPA 101, for facilities housing persons with impractical evacuation capabilities. Continued licensure as a hospice shall be contingent on the facility's compliance with the department of health rules for hospices and for board and lodging facilities providing health supervision services upon adoption of those rules. The commissioner of health, in consultation with the interagency board for



been reviewed and recommended by the legislative commission on Minnesota resources. A work plan must be prepared for each proposed project for review by the commission. The commission must recommend specific projects to the legislature.

*Subd. 3. [ENERGY CONSERVATION PROJECTS.] The oil overcharge money that is not otherwise appropriated by law or dedicated by court order is appropriated to the commissioner of jobs and training for energy conservation projects that directly serve low-income Minnesotans. This appropriation is available until spent.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 116.76, subdivision 9, is amended to read:

*Subd. 9. [GENERATOR.] "Generator" means a person whose activities produce infectious waste. "Generator" does not include a person who produces sharps as a result of administering medication to oneself. "Generator" does not include an ambulance service licensed under section 144.802, an eligible board of health, community health board, or public health nursing agency as defined in section 116.78, subdivision 10, or a program providing school health service under section 123.35, subdivision 17.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 116.78, is amended by adding a subdivision to read:

*Subd. 9. [DISPOSAL OF INFECTIOUS WASTE BY AMBULANCE SERVICES.] Any infectious waste, as defined in section 116.76, subdivision 12, produced by an ambulance service in the transport or care of a patient must be properly packaged and disposed of at the destination hospital or at the nearest hospital if the patient is not transported. A hospital must accept the infectious waste if it is properly packaged according to the standards the hospital uses for packaging its own infectious wastes. The hospital may charge the ambulance service a reasonable fee for disposal of the infectious waste. Nothing in this subdivision shall require a hospital to accept infectious waste if the waste is of a type not generated by the hospital or if the hospital cannot safely store the waste. A hospital that accepts infectious waste under this subdivision is not subject to those provisions of section 116.79, subdivision 4, paragraph (a), that apply to the storage or decontamination of infectious or pathological waste generated at a site other than the hospital.*

Sec. 4. Minnesota Statutes 1989 Supplement, section 116.78, is amended by adding a subdivision to read:

*Subd. 10. [DISPOSAL OF INFECTIOUS WASTE BY PUBLIC HEALTH AGENCIES AND PROGRAMS PROVIDING SCHOOL HEALTH SERVICES.] Any infectious waste, as defined in section 116.76, subdivision 12, produced by an eligible board of health, community health board, or public health nursing agency or a program providing school health services under section 123.35, subdivision 17, must be properly packaged and may be disposed of at a hospital. For purposes of this subdivision, an "eligible board of health, community health board, or public health nursing agency" is defined as a board of health, community health board, or public health nursing agency located in a county with a population of less than 40,000. A hospital must accept the infectious waste if it is properly packaged according to the standards the hospital uses for packaging its own infectious wastes. The hospital may charge an eligible board of health, community health board, or public health nursing agency or a program providing*



*school health services a reasonable fee for disposal of the infectious waste. Nothing in this subdivision shall require a hospital to accept infectious waste if the waste is of a type not generated by the hospital or if the hospital cannot safely store the waste. A hospital that accepts infectious waste under this subdivision is not subject to those provisions of section 116.79, subdivision 4, paragraph (a), that apply to the storage or decontamination of infectious or pathological waste generated at a site other than the hospital.*

**Sec. 5. [144.062] [VACCINE COST REDUCTION PROGRAM.]**

*The commissioner of administration, after consulting with the commissioner of health, shall negotiate discounts or rebates on vaccine or may purchase vaccine at reduced prices. Vaccines may be offered for sale to medical care providers at the department's cost plus a fee for administrative costs. As a condition of receiving the vaccine at reduced cost, a medical care provider must agree to pass on the savings to patients. The commissioner of health may transfer money appropriated for other department of health programs to the commissioner of administration for the initial cost of purchasing vaccine, provided the money is repaid by the end of each state fiscal year and the commissioner of finance approves the transfer. Proceeds from the sale of vaccines to medical care providers, including fees collected for administrative costs, are appropriated to the commissioner of administration. If the commissioner of administration, in consultation with the commissioner of health, determines that a vaccine cost reduction program is not economically feasible or cost effective, the commissioner may elect not to implement the program, but shall provide a report to the legislature that explains the reasons for the decision.*

**Sec. 6. [144.1465] [FINDING AND PURPOSE.]**

*The legislature finds that rural hospitals are an integral part of the health care delivery system and are fundamental to the development of a sound rural economy. The legislature further finds that access to rural health care must be assured to all Minnesota residents. The rural health care system is undergoing a restructuring that threatens to jeopardize access in rural areas to quality health services. To assure continued rural health care access the legislature proposes to establish a grant program to assist rural hospitals and their communities with the development of strategic plans and transition projects, provide subsidies for geographically isolated hospitals facing closure, and examine the problem of recruitment and retention of rural physicians, nurses, and other allied health care professionals.*

**Sec. 7. [144.147] [RURAL HOSPITAL PLANNING AND TRANSITION GRANT PROGRAM.]**

*Subdivision 1. [DEFINITION.] "Eligible rural hospital" means any nonfederal, general acute care hospital that:*

*(1) is either located in a rural area, as defined in the federal Medicare regulations, Code of Federal Regulations, title 42, section 405.1041, or located in a community with a population of less than 5,000, according to United States Census Bureau statistics, outside the seven-county metropolitan area;*

*(2) has 100 or fewer beds;*

*(3) has experienced net income losses in at least two of the three most*

recent consecutive hospital fiscal years for which audited financial information is available;

(4) is not for profit; and

(5) has not been awarded a grant under the federal rural health transition grant program.

*Subd. 2. [GRANTS AUTHORIZED.] The commissioner shall establish a program of grants to assist eligible rural hospitals. The commissioner shall award grants to hospitals and communities for the purposes set forth in paragraphs (a) and (b).*

*(a) Grants may be used by hospitals and their communities to develop strategic plans for preserving access to health services. At a minimum, a strategic plan must consist of:*

*(1) a needs assessment to determine what health services are needed and desired by the community. The assessment must include interviews with or surveys of area health professionals, local community leaders, and public hearings;*

*(2) an assessment of the feasibility of providing needed health services that identifies priorities and timeliness for potential changes; and*

*(3) an implementation plan.*

*The strategic plan must be developed by a committee that includes representatives from the hospital, local public health agencies, other health providers, and consumers from the community.*

*(b) The grants may also be used by eligible rural hospitals that have developed strategic plans to implement transition projects to modify the type and extent of services provided, in order to reflect the needs of that plan. Grants may be used by hospitals under this paragraph to develop hospital-based physician practices that integrate hospital and existing medical practice facilities that agree to transfer their practices, equipment, staffing, and administration to the hospital. Not more than one-third of any grant shall be used to offset losses incurred by physicians agreeing to transfer their practices to hospitals.*

*Subd. 3. [CONSIDERATION OF GRANTS.] In determining which hospitals will receive grants under this section, the commissioner shall take into account:*

*(1) improving community access to hospital or health services;*

*(2) changes in service populations;*

*(3) demand for ambulatory and emergency services;*

*(4) the extent that the health needs of the community are not currently being met by other providers in the service area;*

*(5) the need to recruit and retain health professionals; and*

*(6) the involvement and extent of support of the community and local health care providers.*

*Subd. 4. [ALLOCATION OF GRANTS.] (a) Eligible hospitals must apply to the commissioner no later than September 1, 1990, for grants awarded in the 1991 state fiscal year; and no later than September 1, 1990, for grants awarded in the 1992 state fiscal year.*

(b) *The commissioner may award at least two grants for each fiscal year. The commissioner must make a final decision on the funding of each application within 60 days of the deadline for receiving applications.*

(c) *Each relevant community health board has 30 days in which to review and comment to the commissioner on grant applications from hospitals in their community health service area.*

(d) *In determining which hospitals will receive grants under this section, the commissioner shall consider the following factors:*

(1) *Description of the problem, description of the project and the likelihood of successful outcome of the project. The applicant must explain clearly the nature of the health services problems in their service area, how the grant funds will be used, what will be accomplished, and the results expected. The applicant should describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organizations.*

(2) *The extent of community support for the hospital and this proposed project. The applicant should demonstrate support for the hospital and for the proposed project from other local health service providers and from local community and government leaders. Evidence of such support may include past commitments of financial support from local individuals, organization or government entities; and commitment of financial support, in-kind services or cash, for this project.*

(3) *The comments, if any, resulting from a review of the application by the community health board in whose community health service area the hospital is located.*

(e) *In evaluating applications, the commissioner shall score each application on a 100 point scale, assigning the maximum of 70 points for an applicant's understanding of the problem, description of the project, and likelihood of successful outcome of the project; and a maximum of 30 points for the extent of community support for the hospital and this project. The commissioner may also take into account other relevant factors.*

(f) *A grant to a hospital, including hospitals that submit applications as consortia, may not exceed \$50,000 a year, and may not exceed a term of two years. Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-half of the amount, which may include in-kind services, is available for the same purposes from nonstate sources. A hospital receiving a grant under this section may use the grant for any expenses incurred in the development of strategic plans or the implementation of transition projects with respect to which the grant is made. Project grants may not be used to retire debt incurred with respect to any capital expenditure made prior to the date on which the project is initiated.*

*Subd. 5. [EVALUATION.] The commissioner shall evaluate the overall effectiveness of the grant program. The commissioner may collect, from the hospital, and communities receiving grants, the information necessary to evaluate the grant program. Information related to the financial condition of individual hospitals shall be classified as nonpublic data.*

Sec. 8. 1990 S.F. No. 1698, section 1, if enacted, is amended to read:

Section 1. [144.551] [HOSPITAL CONSTRUCTION MORATORIUM.]

Subdivision 1. [RESTRICTED CONSTRUCTION OR MODIFICATION.] (a) Until July 1, 1993, 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.

(b) 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 before the date of enactment of this section 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 before 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;

(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;

(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;

(10) a project to replace a hospital or hospitals with a combined licensed capacity of 130 beds or less if: (i) the new hospital site is located within five miles of the current site; and (ii) the total licensed capacity of the replacement hospital, either at the time of construction of the initial building or as the result of future expansion, will not exceed 70 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is less;

(11) the relocation of licensed hospital beds from an existing state facility operated by the commissioner of human services to a new or existing facility, building, or complex operated by the commissioner of human services; ~~or~~; from one regional treatment center site to another; or *from one building or site to a new or existing building or site on the same campus; or*

(12) the construction or relocation of hospital beds operated by a hospital having a statutory obligation to provide hospital and medical services for the indigent that does not result in a net increase in the number of hospital beds.

Subd. 2. [EMERGENCY WAIVER.] The commissioner shall grant an emergency waiver from the provisions of this section if the need for the project is a result of fire, tornado, flood, storm damage, or other similar disaster, if adequate health care facilities are not available for the people who previously used the applicant facility, and if the request for an emergency waiver is limited in nature and scope only to those repairs necessitated by the natural disaster.

Subd. 3. [ENFORCEMENT.] The district court in Ramsey county has jurisdiction to enjoin an alleged violation of subdivision 1. At the request of the commissioner of health, the attorney general may bring an action to enjoin an alleged violation. The commissioner of health shall not issue a license for any portion of a hospital in violation of subdivision 1. No hospital in violation of subdivision 1 may apply for or receive public funds under chapters 245 to 256B, or from any other source.

Subd. 4. [DEFINITIONS.] Except as indicated in this subdivision, the terms used in this section have the meanings given them under Minnesota Statutes 1982, sections 145.832 to 145.845, and the rules adopted under those sections.

The term "hospital" has the meaning given it in section 144.50.

Sec. 9. Minnesota Statutes 1988, section 144.581, subdivision 1, is amended to read:

Subdivision 1. [NONPROFIT CORPORATION POWERS.] A municipality, political subdivision, state agency, or other governmental entity that owns or operates a hospital authorized, organized, or operated under chapters 158, 250, 376, and 397, or under sections 246A.01 to 246A.27, 412.221, 447.05 to 447.13, 447.31, or 471.59, or under any special law authorizing or establishing a hospital or hospital district shall, relative to the delivery of health care services, have, in addition to any authority vested by law, the authority and legal capacity of a nonprofit corporation under chapter 317, including authority to

- (a) enter shared service and other cooperative ventures,
- (b) join or sponsor membership in organizations intended to benefit the hospital or hospitals in general,
- (c) enter partnerships,
- (d) incorporate other corporations,
- (e) have members of its governing authority or its officers or administrators serve as directors, officers, or employees of the ventures, associations, or corporations,
- (f) own shares of stock in business corporations, ~~and~~
- (g) offer, directly or indirectly, products and services of the hospital, organization, association, partnership, or corporation to the general public-,
- (h) *provide funds for payment of educational expenses of up to \$20,000 per individual, if the hospital or hospital district has at least \$1,000,000 in reserve and depreciation funds at the time of payment, and these reserve and depreciation funds were obtained solely from the operating revenues of the hospital or hospital district, and*
- (i) *provide funds of up to \$50,000 per year per individual for a maximum of two years to supplement the incomes of family practice physicians, up to a maximum of \$100,000 in annual income, if the hospital or hospital district has at least \$250,000 in reserve and depreciation funds at the time of payment, and these reserve and depreciation funds were obtained solely from the operating revenues of the hospital or hospital district.*

Sec. 10. Minnesota Statutes 1989 Supplement, section 144.802, subdivision 3, is amended to read:

Subd. 3. [APPLICATIONS; NOTICE OF APPLICATION; RECOMMENDATIONS.] (a) Each prospective licensee and each present licensee wishing to offer a new type or types of ambulance service, to establish a new base of operation, or to expand a primary service area, shall make written application for a license to the commissioner on a form provided by the commissioner.

(b) For applications for the provision of ambulance services in a service area located within a county, the commissioner shall promptly send notice of the completed application to the county board and to each community health ~~service~~ board, *governing body of a regional emergency medical services system designated under section 144.8093, ambulance service, and municipality in the area in which ambulance service would be provided by the applicant.* The commissioner shall publish the notice, at the applicant's expense, in the State Register and in a newspaper in the municipality in which the base of operation will be located, or if no newspaper is published in the municipality or if the service would be provided in more than one municipality, in a newspaper published at the county seat of the county in which the service would be provided.

(c) For applications for the provision of ambulance services in a service area larger than a county, the commissioner shall promptly send notice of the completed application to the municipality in which the service's base of operation will be located and to each community health board, county board, *governing body of a regional emergency medical services system designated under section 144.8093, and ambulance service located within the counties in which any part of the service area described by the applicant*

is located, and any contiguous counties. The commissioner shall publish this notice, at the applicant's expense, in the State Register.

(d) The commissioner shall request that the chief administrative law judge appoint an administrative law judge to hold a public hearing in the municipality in which the service's base of operation will be located. The public hearing shall be conducted as contested case hearing under chapter 14.

(e) Each municipality, county, community health ~~service board~~, *governing body of a regional emergency medical services system*, ambulance service, and other person wishing to make recommendations concerning the disposition of the application shall make written recommendations to the administrative law judge within 30 days of the publication of notice of the application in the State Register.

(f) The administrative law judge shall:

(1) hold a public hearing in the municipality in which the service's base of operations is or will be located;

(2) provide notice of the public hearing in the newspaper or newspapers in which notice was published under paragraph (b) for two successive weeks at least ten days before the date of the hearing;

(3) allow any interested person the opportunity to be heard, to be represented by counsel, and to present oral and written evidence at the public hearing;

(4) provide a transcript of the hearing at the expense of any individual requesting it.

(g) The administrative law judge shall review and comment upon the application and shall make written recommendations as to its disposition to the commissioner within 90 days of receiving notice of the application. In making the recommendations, the administrative law judge shall consider and make written comments as to whether the proposed service, change in base of operations, or expansion in primary service area is needed, based on consideration of the following factors:

(1) the relationship of the proposed service, change in base of operations or expansion in primary service area to the current community health plan as approved by the commissioner under section ~~145-918~~ *145A.12, subdivision 4*;

(2) the recommendations or comments of the governing bodies of the counties and municipalities in which the service would be provided;

(3) the deleterious effects on the public health from duplication, if any, of ambulance services that would result from granting the license;

(4) the estimated effect of the proposed service, change in base of operation or expansion in primary service area on the public health;

(5) whether any benefit accruing to the public health would outweigh the costs associated with the proposed service, change in base of operations, or expansion in primary service area.

The administrative law judge shall recommend that the commissioner either grant or deny a license or recommend that a modified license be granted. The reasons for the recommendation shall be set forth in detail. The administrative law judge shall make the recommendations and reasons

available to any individual requesting them.

Sec. 11. Minnesota Statutes 1989 Supplement, section 144.804, subdivision 1, is amended to read:

Subdivision 1. [DRIVERS AND ATTENDANTS.] No publicly or privately owned basic ambulance service shall be operated in the state unless its drivers and attendants possess a current emergency ~~medical care~~ *course certificate authorized by rules adopted by the commissioner of health according to chapter 14. Until August 1, 1994, a licensee may substitute a person currently certified by the American Red Cross in advanced first aid and emergency care or a person who has successfully completed the United States Department of Transportation first responder curriculum, and who has also been trained to use all of the equipment carried in the ambulance basic life support equipment as required by rules adopted by the commissioner under section 144.804, subdivision 2, for one of the persons on a basic ambulance, provided that person will function as the driver while transporting a patient. The commissioner may grant a variance to allow a licensed ambulance service to use attendants certified by the American Red Cross in advanced first aid and emergency care in order to ensure 24-hour emergency ambulance coverage. The variance must expire no later than August 1, 1990.* The commissioner shall study the roles and responsibilities of first responder units and report the findings by January 1, 1991. This study shall address at a minimum: (1) education and training; (2) appropriate equipment and its use; (3) medical direction and supervision; and (4) supervisory and regulatory requirements.

Sec. 12. Minnesota Statutes 1989 Supplement, section 144.804, subdivision 7, is amended to read:

Subd. 7. [DRIVERS OF AMBULANCE SERVICE VEHICLES AMBULANCES.] An ambulance service vehicle shall be staffed by a driver possessing a current Minnesota driver's license or equivalent and whose driving privileges are not under suspension or revocation by any state. If red lights and siren are used, the driver must also have completed training approved by the commissioner in emergency driving techniques. An ambulance transporting patients must be staffed by at least two persons who are trained according to ~~this section~~ *subdivision 1, or section 144.809, one of whom may be the driver. A third person serving as driver shall be trained according to this subdivision.*

Sec. 13. Minnesota Statutes 1989 Supplement, section 144.809, is amended to read:

144.809 [RENEWAL OF BASIC EMERGENCY MEDICAL TECHNICIAN'S CARE COURSE CERTIFICATE; FEE.]

*Subdivision 1. [STANDARDS FOR RECERTIFICATION.] The commissioner shall adopt rules establishing minimum standards for expiration and recertification of basic emergency care course certificates. These standards shall require:*

*(1) four years after initial certification, and every four years thereafter, formal classroom training and successful completion of a written test and practical examination, both of which must be approved by the commissioner; and*

*(2) two years after initial certification, and every four years thereafter, in-service continuing education, including knowledge and skill proficiency*



*testing, all of which must be conducted under the supervision of a medical director or medical advisor and approved by the commissioner.*

*Course requirements under clause (1) shall not exceed 24 hours. Course requirements under clause (2) shall not exceed 36 hours, of which at least 12 hours may consist of course material developed by the medical director or medical advisor.*

*Individuals may choose to complete, two years after initial certification, and every two years thereafter, formal classroom training and successful completion of a written test and practical examination, both of which are approved by the commissioner, in lieu of completing requirements in clauses (1) and (2).*

**Subd. 2. [UPGRADING TO BASIC EMERGENCY CARE COURSE CERTIFICATE.]** *By August 1, 1994, the commissioner shall adopt rules authorizing the equivalence of the following as credit toward successful completion of the commissioner's basic emergency care course:*

*(1) successful completion of the United States Department of Transportation first responder curriculum;*

*(2) a minimum of two years of documented continuous service as an ambulance driver, as authorized in section 144.804, subdivision 7;*

*(3) documented clinical experience obtained through work or volunteer activity as a first responder; and*

*(4) documented continuing education in emergency care.*

**Subd. 3. [LIMITATION ON FEES.]** *No fee set by the commissioner for biennial renewal of ~~an~~ a basic emergency ~~medical technician's~~ care course certificate by a volunteer member of an ambulance service, fire department, or police department shall exceed \$2.*

**Sec. 14. Minnesota Statutes 1989 Supplement, section 144.8091, is amended to read:**

**144.8091 [REIMBURSEMENT TO NONPROFIT AMBULANCE SERVICES.]**

**Subdivision 1. [REPAYMENT FOR VOLUNTEER TRAINING.]** *Any political subdivision, or nonprofit hospital or nonprofit corporation operating a licensed ambulance service shall be reimbursed by the commissioner for the necessary expense of the initial training of a volunteer ambulance attendant upon successful completion by the attendant of a basic emergency ~~medical~~ care course, or a continuing education course for basic emergency ~~medical~~ care, or both, which has been approved by the commissioner, pursuant to section 144.804. Reimbursement may include tuition, transportation, food, lodging, hourly payment for the time spent in the training course, and other necessary expenditures, except that in no instance shall a volunteer ambulance attendant be reimbursed more than ~~\$210~~ \$350 for successful completion of a basic course, and ~~\$70~~ \$140 for successful completion of a continuing education course.*

**Subd. 2. [VOLUNTEER ATTENDANT DEFINED.]** *For purposes of this section, "volunteer ambulance attendant" means a person who provides emergency medical services for a Minnesota licensed ambulance service without the expectation of remuneration and who does not depend in any way upon the provision of these services for the person's livelihood. An individual may be considered a volunteer ambulance attendant even though*

that individual receives an hourly stipend for each hour of actual service provided, except for hours on standby alert, even though this hourly stipend is regarded as taxable income for purposes of state or federal law, provided that this hourly stipend does not exceed \$500 \$3,000 within one year of the final certification examination. Reimbursement will be paid under provisions of this section when documentation is provided the department of health that the individual has served for one year from the date of the final certification exam as an active member of a Minnesota licensed ambulance service.

**Sec. 15. [144.8095] [FUNDING FOR THE EMERGENCY MEDICAL SERVICES REGIONS.]**

*The commissioner of health shall distribute funds appropriated from the general fund equally among the emergency medical service regions. Each regional board may use this money to reimburse eligible emergency medical services personnel for continuing education costs related to emergency care that are personally incurred and are not reimbursed from other sources. Eligible emergency medical services personnel include, but are not limited to, dispatchers, emergency room physicians, emergency room nurses, first responders, emergency medical technicians, and paramedics.*

**Sec. 16. [144.8097] [EMERGENCY MEDICAL SERVICES ADVISORY COUNCIL.]**

*Subdivision 1. [ADVISORY COUNCIL ESTABLISHED.] There is established an emergency medical services advisory council to advise, to consult with, and to make recommendations to the commissioner of health regarding the formulation of policy and plans for the organization, delivery, and evaluation of emergency medical services within the state. The commissioner shall establish procedures for the advisory council's proper functioning. The procedures must include, but not be limited to, methods for selecting alternate or temporary members and methods of communicating recommendations and advice to the commissioner for consideration.*

*Subd. 2. [MEMBERSHIP; TERMS; COMPENSATION.] (a) The council shall consist of 17 members. The members shall be appointed by the commissioner of health and shall consist of the following:*

- (1) a representative of the governing bodies of the eight regional emergency medical systems designated under section 144.8093;*
- (2) an emergency medical services physician;*
- (3) an emergency department nurse;*
- (4) an emergency medical technician (ambulance, intermediate, or paramedic);*
- (5) a representative of an emergency medical care training institution;*
- (6) a representative of a licensed ambulance service;*
- (7) a hospital administrator;*
- (8) a first responder;*
- (9) a member of a community health services agency; and*
- (10) a representative of the public at large.*

*(b) As nearly as possible, one-third of the initial members' terms must expire each year during the first three years of the council. Successors of*

*the initial members shall be appointed for three-year terms. A person chosen to fill a vacancy shall be appointed only for the unexpired term of the board member whom the newly appointed member succeeds.*

*(c) Members of the council shall be compensated for expenses.*

*(d) The removal of all members and the expiration of the council shall be as provided in section 15.059.*

Sec. 17. Minnesota Statutes 1988, section 148B.23, is amended by adding a subdivision to read:

*Subd. 1a. [EXTENSION OF TRANSITION PERIOD ALLOWED.] The board may issue a graduate social worker license without examination, after the transition period that ends June 30, 1989, to an applicant:*

*(1) who met the criteria in subdivision 1, clause (2), before the transition period ended; and*

*(2) who was unable to submit an application for licensure before the transition period ended because the person was in another country performing social work training to complete the requirements for a master's degree in social work.*

Sec. 18. Minnesota Statutes 1988, section 151.06, subdivision 1, is amended to read:

Subdivision 1. (a) [POWERS AND DUTIES.] The board of pharmacy shall have the power and it shall be its duty:

(1) to regulate the practice of pharmacy;

(2) to regulate the manufacture, wholesale, and retail sale of drugs within this state;

(3) to regulate the identity, labeling, purity, and quality of all drugs and medicines dispensed in this state, using the United States Pharmacopeia and the National Formulary, or any revisions thereof, or standards adopted under the federal act as the standard;

(4) to enter and inspect by its authorized representative any and all places where drugs, medicines, medical gases, or veterinary drugs or devices are sold, vended, given away, compounded, dispensed, manufactured, wholesaled, or held; it may secure samples or specimens of any drugs, medicines, medical gases, or veterinary drugs or devices after paying or offering to pay for such sample; it shall be entitled to inspect and make copies of any and all records of shipment, purchase, manufacture, quality control, and sale of these items provided, however, that such inspection shall not extend to financial data, sales data, or pricing data;

(5) to examine and license as pharmacists all applicants whom it shall deem qualified to be such;

(6) to license wholesale drug distributors;

(7) to deny, suspend, revoke, or refuse to renew any registration or license required under this chapter, to any applicant or registrant or licensee upon any of the following grounds:

(i) fraud or deception in connection with the securing of such license or registration;

(ii) in the case of a pharmacist, conviction in any court of a felony;

(iii) in the case of a pharmacist, conviction in any court of an offense involving moral turpitude;

(iv) habitual indulgence in the use of narcotics, stimulants, or depressant drugs; or habitual indulgence in intoxicating liquors in a manner which could cause conduct endangering public health;

(v) unprofessional conduct or conduct endangering public health;

(vi) gross immorality;

(vii) employing, assisting, or enabling in any manner an unlicensed person to practice pharmacy;

(viii) conviction of theft of drugs, or the unauthorized use, possession, or sale thereof;

(ix) violation of any of the provisions of this chapter or any of the rules of the state board of pharmacy;

(x) in the case of a pharmacy license, operation of such pharmacy without a pharmacist present and on duty;

(xi) in the case of a pharmacist, physical or mental disability which could cause incompetency in the practice of pharmacy; or

(xii) in the case of a pharmacist, the suspension or revocation of a license to practice pharmacy in another state;

~~(7)~~ (8) to employ necessary assistants and make rules for the conduct of its business; and

~~(8)~~ (9) to perform such other duties and exercise such other powers as the provisions of the act may require.

(b) [TEMPORARY SUSPENSION.] In addition to any other remedy provided by law, the board may, without a hearing, temporarily suspend a license for not more than 60 days if the board finds that a pharmacist has violated a statute or rule that the board is empowered to enforce and continued practice by the pharmacist would create an imminent risk of harm to others. The suspension shall take effect upon written notice to the pharmacist, specifying the statute or rule violated. At the time it issues the suspension notice, the board shall schedule a disciplinary hearing to be held under the administrative procedure act. The pharmacist shall be provided with at least 20 days notice of any hearing held under this subdivision.

(c) [RULES.] For the purposes aforesaid it shall be the duty of the board to make and publish uniform rules not inconsistent herewith for carrying out and enforcing the provisions of this chapter.

Sec. 19. Minnesota Statutes 1988, section 151.25, is amended to read:

151.25 [REGISTRATION OF MANUFACTURERS OR WHOLESALERS; FEE; PROHIBITIONS.]

The board shall require and provide for the annual registration of every person engaged in manufacturing or ~~selling at wholesale~~ drugs, medicines, chemicals, or poisons for medicinal purposes, now or hereafter doing business with accounts in this state. Upon a payment of a fee as set by the board, the board shall issue a registration certificate in such form as it may prescribe to such manufacturer or ~~wholesaler~~. Such registration certificate shall be displayed in a conspicuous place in such manufacturer's or wholesaler's place of business for which it is issued and expire on the date set

by the board. It shall be unlawful for any person to manufacture ~~or sell at wholesale~~ drugs, medicines, chemicals, or poisons for medicinal purposes unless such a certificate has been issued to the person by the board. It shall be unlawful for any person engaged in the manufacture ~~or selling at wholesale~~ of drugs, medicines, chemicals, or poisons for medicinal purposes, or the person's agent, to sell legend drugs to other than a pharmacy, except as provided in this chapter.

Sec. 20. [151.42] [CITATION.]

*Sections 151.42 to 151.51 may be cited as the "wholesale drug distribution licensing act of 1990."*

Sec. 21. [151.43] [SCOPE.]

*Sections 151.42 to 151.51 apply to any person, partnership, corporation, or business firm engaging in the wholesale distribution of prescription drugs within the state.*

Sec. 22. [151.44] [DEFINITIONS.]

*As used in sections 151.42 to 151.51, the following terms have the meanings given in paragraphs (a) to (f):*

(a) *"Wholesale drug distribution" means distribution of prescription drugs to persons other than a consumer or patient, but does not include:*

*(1) a sale between a division, subsidiary, parent, affiliated, or related company under the common ownership and control of a corporate entity;*

*(2) the purchase or other acquisition, by a hospital or other health care entity that is a member of a group purchasing organization, of a drug for its own use from the organization or from other hospitals or health care entities that are members of such organizations;*

*(3) the sale, purchase, or trade of a drug or an offer to sell, purchase, or trade a drug by a charitable organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1988, to a nonprofit affiliate of the organization to the extent otherwise permitted by law;*

*(4) the sale, purchase, or trade of a drug or offer to sell, purchase, or trade a drug among hospitals or other health care entities that are under common control;*

*(5) the sale, purchase, or trade of a drug or offer to sell, purchase, or trade a drug for emergency medical reasons;*

*(6) the sale, purchase, or trade of a drug, an offer to sell, purchase, or trade a drug, or the dispensing of a drug pursuant to a prescription;*

*(7) the transfer of prescription drugs by a retail pharmacy to another retail pharmacy to alleviate a temporary shortage;*

*(8) the distribution of prescription drug samples by manufacturers representatives; or*

*(9) the sale, purchase, or trade of blood and blood components.*

(b) *"Wholesale drug distributor" means anyone engaged in wholesale drug distribution, including but not limited to, manufacturers; repackers;*

*own-label distributors; jobbers; brokers; warehouses, including manufacturers' and distributors' warehouses, chain drug warehouses, and wholesale drug warehouses; independent wholesale drug traders; and pharmacies that conduct wholesale drug distribution. A wholesale drug distributor does not include a common carrier or individual hired primarily to transport prescription drugs.*

*(c) "Manufacturer" means anyone who is engaged in the manufacturing, preparing, propagating, compounding, processing, packaging, repackaging, or labeling of a prescription drug.*

*(d) "Prescription drug" means a drug required by federal or state law or regulation to be dispensed only by a prescription, including finished dosage forms and active ingredients subject to United States Code, title 21, sections 811 and 812.*

*(e) "Blood" means whole blood collected from a single donor and processed either for transfusion or further manufacturing.*

*(f) "Blood components" means that part of blood separated by physical or mechanical means.*

**Sec. 23. [151.45] [WHOLESALE DRUG DISTRIBUTOR ADVISORY TASK FORCE.]**

*The board shall appoint a wholesale drug distributor advisory task force composed of five members, to be selected and to perform duties and responsibilities as follows:*

*(a) One member shall be a pharmacist who is neither a member of the board nor a board employee.*

*(b) Two members shall be representatives of wholesale drug distributors as defined in section 151.44, paragraph (b).*

*(c) One member shall be a representative of drug manufacturers.*

*(d) One member shall be a public member as defined by section 214.02.*

*(e) The advisory task force shall review and make recommendations to the board on the merit of all rules dealing with wholesale drug distributors and drug manufacturers that are proposed by the board; and no rule affecting wholesale drug distributors proposed by the board shall be adopted without first being submitted to the task force for review and comment.*

*(f) In making advisory task force appointments, the board shall consider recommendations received from each of the wholesale drug distributor, pharmacist, and drug manufacturer classes cited in paragraphs (a) to (c), and shall adopt rules that provide for solicitation of the recommendations.*

**Sec. 24. [151.46] [PROHIBITED DRUG PURCHASES OR RECEIPT.]**

*It is unlawful for any person to knowingly purchase or receive a prescription drug from a source other than a person or entity licensed under the laws of the state, except where otherwise provided. Licensed wholesale drug distributors other than pharmacies shall not dispense or distribute prescription drugs directly to patients. A person violating the provisions of this section is guilty of a misdemeanor.*

**Sec. 25. [151.47] [WHOLESALE DRUG DISTRIBUTOR LICENSING REQUIREMENTS.]**

*Subdivision 1. [REQUIREMENTS.] All wholesale drug distributors are*

subject to the requirements in paragraphs (a) to (e).

(a) No person or distribution outlet shall act as a wholesale drug distributor without first obtaining a license from the board and paying the required fee.

(b) No license shall be issued or renewed for a wholesale drug distributor to operate unless the applicant agrees to operate in a manner prescribed by federal and state law and according to the rules adopted by the board.

(c) The board may require a separate license for each facility directly or indirectly owned or operated by the same business entity within the state, or for a parent entity with divisions, subsidiaries, or affiliate companies within the state, when operations are conducted at more than one location and joint ownership and control exists among all the entities.

(d) As a condition for receiving and retaining a wholesale drug distributor license issued under sections 151.42 to 151.51, an applicant shall satisfy the board that it has and will continuously maintain:

(1) adequate storage conditions and facilities;

(2) minimum liability and other insurance as may be required under any applicable federal or state law;

(3) a viable security system that includes an after hours central alarm, or comparable entry detection capability; restricted access to the premises; comprehensive employment applicant screening; and safeguards against all forms of employee theft;

(4) a system of records describing all wholesale drug distributor activities set forth in section 151.44 for at least the most recent two-year period and which shall be reasonably accessible as defined by board regulations in any inspection authorized by the board;

(5) principals and persons, including officers, directors, primary shareholders, and key management executives who must at all times demonstrate and maintain their capability of conducting business in conformity with sound financial practices as well as state and federal law;

(6) complete, updated information, to be provided to the board as a condition for obtaining and retaining a license, about each wholesale drug distributor to be licensed, including all pertinent corporate licensee information, if applicable, or other ownership, principal, key personnel, and facilities information found to be necessary by the board;

(7) written policies and procedures that assure reasonable wholesale drug distributor preparation for, protection against, and handling of any facility security or operation problems, including, but not limited to, those caused by natural disaster or government emergency, inventory inaccuracies or product shipping and receiving, outdated product or other unauthorized product control, appropriate disposition of returned goods, and product recalls;

(8) sufficient inspection procedures for all incoming and outgoing product shipments; and

(9) operations in compliance with all federal requirements applicable to wholesale drug distribution.

(e) An agent or employee of any licensed wholesale drug distributor need not seek licensure under this section.

*Subd. 2. [REQUIREMENTS MUST CONFORM WITH FEDERAL LAW.] All requirements set forth in this section shall conform to wholesale drug distributor licensing guidelines formally adopted by the United States Food and Drug Administration; and in case of conflict between a wholesale drug distributor licensing requirement imposed by the board and a Food and Drug Administration wholesale drug distributor guideline, the latter shall control.*

**Sec. 26. [151.48] [OUT-OF-STATE WHOLESALE DRUG DISTRIBUTOR LICENSING REQUIREMENTS.]**

*(a) It is unlawful for an out-of-state wholesale drug distributor to conduct business in the state without first obtaining a license from the board and paying the required fee.*

*(b) Application for an out-of-state wholesale drug distributor license under this section shall be made on a form furnished by the board.*

*(c) The issuance of a license under sections 151.42 to 151.51 shall not change or affect tax liability imposed by the department of revenue on any out-of-state wholesale drug distributor.*

*(d) No person acting as principal or agent for any out-of-state wholesale drug distributor may sell or distribute drugs in the state unless the distributor has obtained a license.*

*(e) The board may adopt regulations that permit out-of-state wholesale drug distributors to obtain a license on the basis of reciprocity to the extent that an out-of-state wholesale drug distributor:*

*(1) possesses a valid license granted by another state under legal standards comparable to those that must be met by a wholesale drug distributor of this state as prerequisites for obtaining a license under the laws of this state; and*

*(2) can show that the other state would extend reciprocal treatment under its own laws to a wholesale drug distributor of this state.*

**Sec. 27. [151.49] [LICENSE RENEWAL APPLICATION PROCEDURES.]**

*Application blanks for renewal of a license required by sections 151.42 to 151.51 shall be mailed to each licensee on or before the first day of the month prior to the month in which the license expires and, if application for renewal of the license with the required fee is not made before the expiration date, the existing license or renewal shall lapse and become null and void upon the date of expiration.*

**Sec. 28. [151.50] [RULES.]**

*The board shall adopt rules to carry out the purposes and enforce the provisions of sections 151.42 to 151.51. All rules adopted under this section shall conform to wholesale drug distributor licensing guidelines formally adopted by the United States Food and Drug Administration; and in case of conflict between a rule adopted by the board and a Food and Drug Administration wholesale drug distributor guideline, the latter shall control.*

**Sec. 29. [151.51] [BOARD ACCESS TO WHOLESALE DRUG DISTRIBUTOR RECORDS.]**

*Wholesale drug distributors may keep records at a central location apart from the principal office of the wholesale drug distributor or the location*



*at which the drugs were stored and from which they were shipped, provided that the records shall be made available for inspection within two working days of a request by the board. The records may be kept in any form permissible under federal law applicable to prescription drugs record keeping.*

Sec. 30. Minnesota Statutes 1988, section 171.07, subdivision 1a, is amended to read:

Subd. 1a. [PHOTOGRAPHIC NEGATIVES; FILING; DATA CLASSIFICATION.] The department shall file, or contract to file, all photographic negatives obtained in the process of issuing driver licenses or Minnesota identification cards. The negatives shall be private data pursuant to section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the department shall not be required to provide copies of photographic negatives to data subjects. The use of the files is restricted:

(1) to the issuance and control of driver licenses and;

(2) for law enforcement purposes in the investigation and prosecution of felonies and violations of section 169.09; 169.121; 169.123; 169.129; 171.22; 171.24; 171.30; 609.41; 609.487, subdivision 3; 609.631, subdivision 4, clause (3); or 609.821, subdivision 3, clauses (1), item (iv), and (3); and

(3) for child support enforcement purposes under section 256.978.

Sec. 31. Minnesota Statutes 1988, section 241.26, subdivision 2, is amended to read:

Subd. 2. [USE OF LOCAL DETENTION FACILITIES.] The commissioner of corrections shall designate state correctional institutions for participation in the program authorized in subdivision 1 and shall adapt facilities of such institutions to provide housing and supervision of inmates participating in such program. The commissioner of corrections may also enter into contractual agreements with appropriate city and county authorities for the confinement of and provision of other correctional services to such inmates whose employment, educational or vocational training programs so require, and such city and county authorities are hereby authorized to make and enter such contracts and agreements. When the commissioner determines that the circumstances of a participant in the program authorized by subdivision 1 do not require the security of a public detention facility, the commissioner may contract with public and private agencies for the custody and separate care of such participant or house the participant in a community correction center or under house arrest and monitored by electronic surveillance in an approved residence.

Sec. 32. Minnesota Statutes 1988, section 244.05, is amended by adding a subdivision to read:

Subd. 6. [INTENSIVE COMMUNITY SUPERVISION.] *The commissioner may order that an inmate be placed on intensive community supervision, as described in sections 244.14 and 244.15, for all or part of the inmate's supervised release term. If the inmate violates the conditions of the intensive community supervision, the commissioner shall impose sanctions as provided in subdivision 3 and section 244.14.*

Sec. 33. [244.12] [INTENSIVE COMMUNITY SUPERVISION.]

Subdivision 1. [GENERALLY.] *The commissioner may order that an inmate be placed on intensive community supervision, as described in*

sections 244.14 and 244.15, for all or part of the inmate's supervised release term. Additionally, the commissioner may order that an offender who meets the eligibility requirements of subdivisions 2 and 3 be placed on intensive community supervision, as described in sections 244.14 and 244.15, for all or part of the offender's prison sentence if the offender agrees to participate in the program and if the sentencing court approves in writing of the offender's participation in the program.

*Subd. 2. [ELIGIBILITY.]* The commissioner must limit the intensive community supervision program to the following persons:

- (1) inmates who are serving a supervised release term;
- (2) offenders who are committed to the commissioner's custody following revocation of a stayed sentence; and
- (3) offenders who are committed to the commissioner's custody for a prison sentence of 27 months or less, who did not receive a dispositional departure under the sentence guidelines, and who have already served a period of incarceration as a result of the offense for which they are committed.

*Subd. 3. [OFFENDERS NOT ELIGIBLE.]* The following are not eligible to be placed on intensive community supervision, under subdivision 2, clause (3):

- (1) offenders who were committed to the commissioner's custody under a statutory mandatory minimum sentence;
- (2) offenders who were committed to the commissioner's custody following a conviction for murder, manslaughter, criminal sexual conduct in the first or second degree, or criminal vehicular operation resulting in death; and
- (3) offenders whose presence in the community would present a danger to public safety.

**Sec. 34. [244.13] [INTENSIVE COMMUNITY SUPERVISION; ESTABLISHMENT OF PROGRAMS.]**

*Subdivision 1. [ESTABLISHMENT.]* The commissioner of corrections shall establish programs for those designated by the commissioner to serve all or part of a prison sentence or a supervised release term on intensive community supervision. The adoption of policies and procedures to implement sections 244.05, subdivision 6, and 244.12 to 244.15 are not subject to the rulemaking procedures of chapter 14. The commissioner shall locate the programs so that at least one-half of the money appropriated for the programs in each year is used for programs in community corrections act counties.

*Subd. 2. [TRAINING.]* The commissioner shall develop specialized training programs for probation officers assigned to the intensive community supervision program. The probation officer caseload shall not exceed the ratio of 30 offenders to two probation officers.

*Subd. 3. [EVALUATION.]* The commissioner shall develop a system for gathering and analyzing information concerning the value and effectiveness of the intensive community supervision programs and shall compile a report to the chairs of the senate and house judiciary committees by January 1 of each odd-numbered year.

**Sec. 35. [244.14] [INTENSIVE COMMUNITY SUPERVISION; BASIC**

## ELEMENTS.]

*Subdivision 1. [REQUIREMENTS.] This section governs the intensive community supervision programs established under section 244.13. The commissioner shall operate the programs in conformance with this section. The commissioner shall administer the programs to further the following goals:*

- (1) to punish the offender;*
- (2) to protect the safety of the public;*
- (3) to facilitate employment of the offender during the intensive community supervision and afterward; and*
- (4) to require the payment of restitution ordered by the court to compensate the victims of the offender's crime.*

*Subd. 2. [GOOD TIME NOT AVAILABLE.] An offender serving a prison sentence on intensive community supervision does not earn good time, notwithstanding section 244.04.*

*Subd. 3. [SANCTIONS.] The commissioner shall impose severe and meaningful sanctions for violating the conditions of an intensive community supervision program. The commissioner shall provide for revocation of intensive community supervision of an offender who:*

- (1) fails to follow the rules of the program;*
- (2) commits any misdemeanor, gross misdemeanor, or felony offense; or*
- (3) presents a risk to the public, based on the offender's behavior, attitude, or abuse of alcohol or controlled substances. The revocation of intensive community supervision is governed by the procedures in the commissioner's rules adopted under section 244.05, subdivision 2.*

*An offender whose intensive community supervision is revoked shall be imprisoned for a time period equal to the offender's original term of imprisonment, but in no case for longer than the time remaining in the offender's sentence. "Original term of imprisonment" means a time period equal to two-thirds of the prison sentence originally executed by the sentencing court.*

*Subd. 4. [ALL PHASES.] Throughout all phases of an intensive community supervision program, the offender shall submit at any time to an unannounced search of the offender's person, vehicle, or premises by a probation officer. If the offender received a restitution order as part of the sentence, the offender shall make weekly payments as scheduled by the probation officer, until the full amount is paid.*

**Sec. 36. [244.15] [INTENSIVE COMMUNITY SUPERVISION; PHASES I TO IV.]**

*Subdivision 1. [DURATION.] Phase I of an intensive community supervision program is six months, or one-half the presumptive imprisonment sentence under the sentencing guidelines, whichever is less. Phase II lasts for at least four months. Phase III lasts for at least two months. Phase IV continues indefinitely.*

*Subd. 2. [RANDOM DRUG TESTING.] (a) During phase I, the offender will be subjected to weekly urinalysis and breath tests to detect the presence of controlled substances or alcohol. The tests will be random and*

unannounced.

(b) During phase II, the tests will be done twice monthly.

(c) During phases III and IV, the tests will be done at random at the frequency determined by the probation officer.

Subd. 3. [HOUSE ARREST.] (a) During phase I, the offender will be under house arrest in a residence approved by the offender's probation officer and may not move to another residence without permission. "House arrest" means that the offender's movements will be severely restricted and continually monitored by the assigned probation officer.

(b) During phase II, modified house arrest is imposed.

(c) During phases III and IV, the offender is subjected to a daily curfew instead of house arrest.

Subd. 4. [FACE-TO-FACE CONTACTS.] (a) During phase I, the assigned probation officer shall have at least four face-to-face contacts with the offender each week.

(b) During phase II, two face-to-face contacts a week are required.

(c) During phase III, one face-to-face contact a week is required.

(d) During phase IV, two face-to-face contacts a month are required.

Subd. 5. [WORK REQUIRED.] During phases I, II, III, and IV, the offender must spend at least 40 hours a week performing approved work, undertaking constructive activity designed to obtain employment, or attending a treatment or education program as directed by the commissioner. An offender may not spend more than six months in a residential treatment program that does not require the offender to spend at least 40 hours a week performing approved work or undertaking constructive activity designed to obtain employment.

Subd. 6. [ELECTRONIC SURVEILLANCE.] During any phase, the offender may be placed on electronic surveillance if the probation officer so directs.

Subd. 7. [OTHER REQUIREMENTS.] The commissioner may include any other conditions in the various phases of the intensive community supervision program that the commissioner finds necessary and appropriate.

Sec. 37. [245.036] [LEASES FOR STATE-OPERATED, COMMUNITY-BASED PROGRAMS.]

Notwithstanding section 16B.24, subdivision 6, paragraph (a), or any other law to the contrary, the commissioner of administration may lease land or other premises to provide state-operated, community-based programs authorized by sections 252.50, 253.018, and 253.28 for a term of 20 years or less, with a ten year option to renew, subject to cancellation upon 30 days' notice by the state for any reason, except rental of other land or premises for the same use. The commissioner of administration may lease land or premises to provide state-operated, community-based programs authorized by sections 252.50, 253.018, and 253.28 for no more than 30 years.

Sec. 38. Minnesota Statutes 1989 Supplement, section 245.470, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF OUTPATIENT SERVICES.] (a) ~~By~~

~~July 1, 1988,~~ County boards must provide or contract for enough outpatient services within the county to meet the needs of adults with mental illness residing in the county. *Services may be provided directly by the county through county-operated mental health centers or mental health clinics approved by the commissioner under section 245.69, subdivision 2; by contract with privately operated mental health centers or mental health clinics approved by the commissioner under section 245.69, subdivision 2; or by contract with a licensed mental health professional as defined in section 245.462, subdivision 18, clauses (1) to (4).* Clients may be required to pay a fee according to section 245.481. Outpatient services include:

- (1) conducting diagnostic assessments;
- (2) conducting psychological testing;
- (3) developing or modifying individual treatment plans;
- (4) making referrals and recommending placements as appropriate;
- (5) treating an adult's mental health needs through therapy;
- (6) prescribing and managing medication and evaluating the effectiveness of prescribed medication; and
- (7) preventing placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

(b) County boards may request a waiver allowing outpatient services to be provided in a nearby trade area if it is determined that the client can best be served outside the county.

Sec. 39. Minnesota Statutes 1989 Supplement, section 245.488, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF OUTPATIENT SERVICES.] (a) County boards must provide or contract for enough outpatient services within the county to meet the needs of each child with emotional disturbance residing in the county and the child's family. *Services may be provided directly by the county through county-operated mental health centers or mental health clinics approved by the commissioner under section 245.69, subdivision 2; by contract with privately operated mental health centers or mental health clinics approved by the commissioner under section 245.69, subdivision 2; or by contract with a licensed mental health professional as defined in section 245.4871, subdivision 27, clauses (1) to (4).* A child or a child's parent may be required to pay a fee based in accordance with section 245.481. Outpatient services include:

- (1) conducting diagnostic assessments;
- (2) conducting psychological testing;
- (3) developing or modifying individual treatment plans;
- (4) making referrals and recommending placements as appropriate;
- (5) treating the child's mental health needs through therapy; and
- (6) prescribing and managing medication and evaluating the effectiveness of prescribed medication.

(b) County boards may request a waiver allowing outpatient services to be provided in a nearby trade area if it is determined that the child requires necessary and appropriate services that are only available outside the county.

(c) Outpatient services offered by the county board to prevent placement must be at the level of treatment appropriate to the child's diagnostic assessment.

Sec. 40. Minnesota Statutes 1989 Supplement, section 245A.02, subdivision 6a, is amended to read:

Subd. 6a. [DROPPED-IN CHILD CARE PROGRAM.] “Drop-in child care program” means a nonresidential program of child care ~~provided to children for a maximum per child of five hours in any one day and 40 hours in any one calendar month at a child care center that does not have a regularly scheduled, ongoing child care program with a stable enrollment, and that is licensed exclusively for that purpose; in which children participate on a one-time only or occasional basis up to a maximum of 45 hours per child, per month. A drop-in child care program must be licensed under Minnesota Rules governing child care centers. A drop-in child care program must meet one of the following requirements to qualify for the rule exemptions specified in section 245A.14, subdivision 6:~~

(1) *the drop-in child care program operates in a child care center which houses no child care program except the drop-in child care program;*

(2) *the drop-in child care program operates in the same child care center but not during the same hours as a regularly scheduled ongoing child care program with a stable enrollment; or*

(3) *the drop-in child care program operates in a child care center at the same time as a regularly scheduled ongoing child care program with a stable enrollment but the program's activities, except for bathroom use and outdoor play, are conducted separately from each other.*

Sec. 41. Minnesota Statutes 1989 Supplement, section 245A.03, subdivision 2, is amended to read:

Subd. 2. [EXCLUSION FROM LICENSURE.] Sections 245A.01 to 245A.16 do not apply to:

(1) residential or nonresidential programs that are provided to a person by an individual who is related;

(2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;

(3) residential or nonresidential programs that are provided to adults who do not abuse chemicals or who do not have a chemical dependency, a mental illness, mental retardation or a related condition, a functional impairment, or a physical handicap;

(4) sheltered workshops or work activity programs that are certified by the commissioner of jobs and training;

(5) programs for children enrolled in kindergarten to the 12th grade and prekindergarten special education programs that are operated by the commissioner of education or a school as defined in section 120.101, subdivision 4;

(6) nonresidential programs for children that provide care or supervision for periods of less than three hours a day while the child's parent or legal guardian is in the same building or present on property that is contiguous with the physical facility where the nonresidential program is provided;

(7) nursing homes or hospitals licensed by the commissioner of health

except as specified under section 245A.02;

(8) board and lodge facilities licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness who have refused an appropriate residential program offered by a county agency. This exclusion expires on July 1, 1990;

(9) homes providing programs for persons placed there by a licensed agency for legal adoption, unless the adoption is not completed within two years;

(10) programs licensed by the commissioner of corrections;

(11) recreation programs for children or adults that operate for fewer than 40 calendar days in a calendar year;

(12) programs whose primary purpose is to provide social or recreational activities for adults or school-age children, such as scouting, boys clubs, girls clubs, sports, or the arts; except that a program operating in a school building is not excluded unless it is approved by the district's school board;

(13) head start nonresidential programs which operate for less than 31 days in each calendar year;

(14) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or mental retardation;

(15) nonresidential programs for nonhandicapped children provided for a cumulative total of less than 30 days in any 12-month period;

(16) residential programs for persons with mental illness, that are located in hospitals, until the commissioner adopts appropriate rules;

(17) the religious instruction of school-age children; Sabbath or Sunday schools; or the congregate care of children by a church, congregation, or religious society during the period used by the church, congregation, or religious society for its regular worship;

(18) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;

(19) ~~until July 1, 1991, nonresidential programs~~ *mental health outpatient services for persons adults with mental illness or children with emotional disturbance*; or

(20) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules.

Sec. 42. Minnesota Statutes 1989 Supplement, section 245A.04, subdivision 3, is amended to read:

Subd. 3. [STUDY OF THE APPLICANT.] (a) Before the commissioner issues a license, the commissioner shall conduct a study of the individuals specified in clauses (1) to (4) according to rules of the commissioner. The applicant, license holder, the bureau of criminal apprehension, and county agencies, after written notice to the individual who is the subject of the study, shall help with the study by giving the commissioner criminal conviction data and reports about abuse or neglect of adults *in licensed programs* substantiated under section 626.557 and the maltreatment of minors *in licensed programs* substantiated under section 626.556. The individuals

to be studied shall include:

- (1) the applicant;
- (2) persons over the age of 13 living in the household where the licensed program will be provided;
- (3) current employees or contractors of the applicant who will have direct contact with persons served by the program; and
- (4) volunteers who have direct contact with persons served by the program to provide program services, if the contact is not directly supervised by the individuals listed in clause (1) or (3).

For purposes of this subdivision, "direct contact" means providing face-to-face care, training, supervision, counseling, consultation, or medication assistance to persons served by a program. For purposes of this subdivision, "directly supervised" means an individual listed in clause (1) or (3) is within sight or hearing of a volunteer to the extent that the individual listed in clause (1) or (3) is capable at all times of intervening to protect the health and safety of the persons served by the program who have direct contact with the volunteer.

A study of an individual in clauses (1) to (4) shall be conducted on at least an annual basis. No applicant, license holder, or individual who is the subject of the study shall pay any fees required to conduct the study.

(b) The individual who is the subject of the study must provide the applicant or license holder with sufficient information to ensure an accurate study including the individual's first, middle, and last name; home address, city, county, and state of residence; zip code; sex; date of birth; and driver's license number. The applicant or license holder shall provide this information about an individual in paragraph (a), clauses (1) to (4), on forms prescribed by the commissioner. The commissioner may request additional information of the individual, which shall be optional for the individual to provide, such as the individual's social security number or race.

(c) A study must include information from the county agency's record of substantiated abuse of adults, or neglect of adults *in licensed programs*, and the maltreatment of minors *in licensed programs*, and information from the bureau of criminal apprehension.

The commissioner may also review arrest and investigative information from the bureau of criminal apprehension, a county attorney, county sheriff, county agency, local chief of police, other states, the courts, or a national criminal record repository if the commissioner has reasonable cause to believe the information is pertinent to the disqualification of an individual listed in paragraph (a), clauses (1) to (4).

(d) An applicant's or license holder's failure or refusal to cooperate with the commissioner is reasonable cause to deny an application or immediately suspend, suspend, or revoke a license. Failure or refusal of an individual to cooperate with the study is just cause for denying or terminating employment of the individual if the individual's failure or refusal to cooperate could cause the applicant's application to be denied or the license holder's license to be immediately suspended, suspended, or revoked.

(e) The commissioner shall not consider an application to be complete until all of the information required to be provided under this subdivision has been received.



(f) No person in paragraph (a), clause (1), (2), (3), or (4) who is disqualified as a result of this act may be retained by the agency in a position involving direct contact with persons served by the program.

(g) The commissioner shall not implement the procedures contained in this subdivision until appropriate rules have been adopted, except for the applicants and license holders for child foster care, adult foster care, and family day care homes.

(h) Termination of persons in paragraph (a), clause (1), (2), (3), or (4) made in good faith reliance on a notice of disqualification provided by the commissioner shall not subject the applicant or license holder to civil liability.

(i) The commissioner may establish records to fulfill the requirements of this section. The information contained in the records is only available to the commissioner for the purpose authorized in this section.

Sec. 43. Minnesota Statutes 1989 Supplement, section 245A.04, subdivision 3a, is amended to read:

Subd. 3a. [NOTIFICATION TO SUBJECT OF STUDY RESULTS.] The commissioner shall notify the applicant or license holder and the individual who is the subject of the study, in writing, of the results of the study. When the study is completed, a notice that the study was undertaken and completed shall be maintained in the personnel files of the program.

The commissioner shall notify the individual studied if the information ~~contained~~ in the study ~~could cause disqualification~~ *indicates the individual is disqualified* from direct contact with persons served by the program. The commissioner shall disclose the information to the individual studied. An applicant or license holder who is not the subject of the study shall be informed that the commissioner has found information that ~~could cause disqualification~~ *disqualifies* the subject from direct contact with persons served by the program. However, the applicant or license holder shall not be told what that information is unless the data practices act provides for release of the information and the individual studied authorizes the release of the information.

Sec. 44. Minnesota Statutes 1989 Supplement, section 245A.04, subdivision 3b, is amended to read:

Subd. 3b. [RECONSIDERATION OF DISQUALIFICATION.] (a) Within 30 days after receiving notice of ~~possible~~ disqualification under subdivision 3a, the individual who is the subject of the study may request reconsideration of the notice of ~~possible~~ disqualification. The individual must submit the request for reconsideration to the commissioner in writing. The individual must present information to show that:

- (1) the information the commissioner relied upon is incorrect; or
- (2) the subject of the study does not pose a risk of harm to any person served by the applicant or license holder.

(b) The commissioner may set aside the disqualification if the commissioner finds that the information the commissioner relied upon is incorrect or the individual does not pose a risk of harm to any person served by the applicant or license holder ~~and rules adopted by the commissioner do not preclude reconsideration~~. The commissioner shall review the consequences of the event or events that could lead to disqualification, the vulnerability

of the victim at the time of the event, the time elapsed without a repeat of the same or similar event, and documentation of successful completion by the individual studied of training or rehabilitation pertinent to the event.

(c) The commissioner shall respond in writing to all reconsideration requests within 15 working days after receiving the request for reconsideration. If the disqualification is set aside, the commissioner shall notify the applicant or license holder in writing of the decision.

(d) Except as provided in subdivision 3c, the commissioner's decision to grant or deny a reconsideration of disqualification under this subdivision, or to set aside or uphold the results of the study under subdivision 3, is the final administrative agency action.

Sec. 45. Minnesota Statutes 1988, section 245A.07, subdivision 3, is amended to read:

Subd. 3. [SUSPENSION, REVOCATION, PROBATION.] The commissioner may suspend, revoke, or make probationary a license if a license holder fails to comply fully with applicable laws or rules. A license holder who has had a license suspended, revoked, or made probationary must be given notice of the action by certified mail. The notice must be mailed to the address shown on the application or the last known address of the license holder. The notice must state the reasons the license was suspended, revoked, or made probationary ~~and~~.

*(a) If the license was suspended or revoked, the notice must inform the license holder of the right to a contested case hearing under chapter 14. The license holder may appeal an order suspending, or revoking, or making a license probationary by notifying the commissioner in writing by certified mail within ten calendar days after receiving notice that the license has been suspended, or revoked, or made probationary.*

*(b) If the license was made probationary, the notice must inform the license holder of the right to request a reconsideration by the commissioner. The request for reconsideration must be made in writing by certified mail within ten calendar days after receiving notice that the license has been made probationary. The license holder may submit with the request for reconsideration written argument or evidence in support of the request for reconsideration. The commissioner's disposition of a request for reconsideration is final, and is not subject to appeal under chapter 14.*

Sec. 46. Minnesota Statutes 1988, section 245A.08, subdivision 3, is amended to read:

Subd. 3. [BURDEN OF PROOF] (a) At a hearing regarding suspension, immediate suspension, or revocation, ~~or making probationary~~ of a license for family day care or foster care, the commissioner may demonstrate reasonable cause for action taken by submitting statements, reports, or affidavits to substantiate the allegations that the license holder failed to comply fully with applicable law or rule. If the commissioner demonstrates that reasonable cause existed, the burden of proof in hearings involving suspension, immediate suspension, or revocation, ~~or making probationary~~ of a family day care or foster care license shifts to the license holder to demonstrate by a preponderance of the evidence that the license holder was in full compliance with those laws or rules that the commissioner alleges the license holder violated, at the time that the commissioner alleges the violations of law or rules occurred.

(b) At a hearing on denial of an application, the applicant bears the burden of proof to demonstrate by a preponderance of the evidence that the appellant has complied fully with sections 245A.01 to 245A.15 and other applicable law or rule and that the application should be approved and a license granted.

(c) At all other hearings under this section, the commissioner bears the burden of proof to demonstrate, by a preponderance of the evidence, that the violations of law or rule alleged by the commissioner occurred.

Sec. 47. Minnesota Statutes 1988, section 245A.11, subdivision 4, is amended to read:

Subd. 4. [LOCATION OF RESIDENTIAL PROGRAMS.] In determining whether to grant a license, the commissioner shall specifically consider the population, size, land use plan, availability of community services, and the number and size of existing licensed residential programs in the town, municipality, or county in which the applicant seeks to operate a residential program. The commissioner shall not grant an initial license to any residential program if the residential program will be within 1,320 feet of an existing residential program unless *one of the following conditions apply: (1) the existing residential program is located in a hospital licensed by the commissioner of health; or (2) the town, municipality, or county zoning authority grants the residential program a conditional use or special use permit. In cities of the first class, this subdivision applies even if a residential program is considered a permitted single-family residential use of property under subdivision 2. Foster care homes are exempt from this subdivision.*

Sec. 48. Minnesota Statutes 1989 Supplement, section 245A.12, is amended to read:

245A.12 [VOLUNTARY RECEIVERSHIP FOR RESIDENTIAL PROGRAMS.]

*Subdivision 1. [DEFINITIONS.] For purposes of this section and section 245A.13, the following terms have the meanings given them.*

(a) *“Controlling individual” has the meaning in section 245A.02, subdivision 5a. When used in this section and section 245A.13, it means only those individuals controlling the residential program prior to the commencement of the receivership period.*

(b) *“Physical plant” means the building or buildings in which a residential program is located; all equipment affixed to the building and not easily subject to transfer as specified in the building and fixed equipment tables of the depreciation guidelines; and auxiliary buildings in the nature of sheds, garages, and storage buildings located on the same site if used for purposes related to resident care.*

(c) *“Related party” means a person who is a close relative of a provider or a provider group; an affiliate of a provider or a provider group; a close relative of an affiliate of a provider or provider group; or an affiliate of a close relative of an affiliate of a provider or provider group. For the purposes of this paragraph, the following terms have the meanings given them.*

(1) *“Affiliate” means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with another person.*

(2) "Person" means an individual, a corporation, a partnership, an association, a trust, an unincorporated organization, or a government or political subdivision.

(3) "Close relative of an affiliate of a provider or provider group" means an individual whose relationship by blood, marriage, or adoption to an individual who is an affiliate to a provider or a provider group is no more remote than first cousin.

(4) "Control" includes the terms "controlling," "controlled by," and "under common control with" and means the possession, direct or indirect, of the power to direct or cause the direction of the management, operations, or policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(5) "Provider or provider group" means the license holder or controlling individual prior to the effective date of the receivership.

*Subd. 2. [RECEIVERSHIP AGREEMENT.]* A majority of controlling individuals of a residential program may at any time ask the commissioner to assume operation of the residential program through appointment of a receiver. On receiving the request for a receiver, the commissioner may enter into an agreement with a majority of controlling individuals and provide for the appointment of a become the receiver to and operate the residential program under conditions acceptable to both the commissioner and the majority of controlling persons individuals. The agreement must specify the terms and conditions of the receivership and preserve the rights of the persons being served by the residential program. A receivership set up under this section terminates at the time specified by the parties to the agreement or 30 days after either of the parties gives written notice to the other party of termination of the receivership agreement.

*Subd. 3. [MANAGEMENT AGREEMENT.]* When the commissioner agrees to become the receiver of a residential program, the commissioner may enter into a management agreement with another entity or group to act as the managing agent during the receivership period. The managing agent will be responsible for the day-to-day operations of the residential program subject at all times to the review and approval of the commissioner. A reasonable fee may be paid to the managing agent for the performance of these services.

*Subd. 4. [RATE ADJUSTMENT.]* The provisions of section 245A.13, subdivisions 7 and 8, shall also apply to voluntary receiverships.

*Subd. 5. [CONTROLLING INDIVIDUALS; RESTRICTIONS ON LICENSURE.]* No controlling individual of a residential program placed into receivership under this section shall apply for or receive a license to operate a residential program for five years from the commencement of the receivership period. This subdivision does not apply to residential programs that are owned or operated by controlling individuals, that were in existence prior to the date of the receivership agreement, and that have not been placed into receivership.

*Subd. 6. [LIABILITY.]* The controlling individuals of a residential program placed into receivership remain liable for any claims made against the residential program that arose from incidents or events that occurred prior to the commencement of the receivership period. Neither the commissioner nor the managing agent of the commissioner assumes this liability.

*Subd. 7. [LIABILITY FOR FINANCIAL OBLIGATIONS.] Neither the commissioner nor the managing agent of the commissioner shall be liable for payment of any financial obligations of the residential program or of its controlling individuals incurred prior to the commencement of the receivership period unless such liability is expressly assumed in the receivership agreement. Those financial obligations remain the liability of the residential program and its controlling individuals. Financial obligations of the residential program incurred after the commencement of the receivership period are the responsibility of the commissioner or the managing agent of the commissioner to the extent such obligations are expressly assumed by each in the receivership or management agreements. The controlling individuals of the residential program remain liable for any financial obligations incurred after the commencement of the receivership period to the extent these obligations are not reimbursed in the rate paid to the residential program and are reasonable and necessary to the operation of the residential program. These financial obligations, or any other financial obligations incurred by the residential program prior to the commencement of the receivership period which are necessary to the continued operation of the residential program, may be deducted from any rental payments owed to the controlling individuals of the residential program as part of the receivership agreement.*

*Subd. 8. [PHYSICAL PLANT OF THE RESIDENTIAL PROGRAM.] Occupation of the physical plant after commencement of the receivership period shall be controlled by paragraphs (a) and (b).*

*(a) If the physical plant of a residential program placed in receivership is owned by a controlling individual or related party, the physical plant may be used by the commissioner or the managing agent for purposes of the receivership as long as the receivership period continues. A fair monthly rental for the physical plant shall be paid by the commissioner or managing agent to the owner of the physical plant. This fair monthly rental shall be determined by considering all relevant factors necessary to meet required arms-length obligations of controlling individuals such as the mortgage payments owed on the physical plant, the real estate taxes, special assessments, and the conditions of the physical plant. This rental shall not include any allowance for profit or be based on any formula that includes an allowance for profit.*

*(b) If the owner of the physical plant of a residential program placed in receivership is not a related party, the controlling individual shall continue as the lessee of the property. However, during the receivership period, rental payments shall be made to the owner of the physical plant by the commissioner or the managing agent on behalf of the controlling individual. Neither the commissioner nor the managing agent assumes the obligations of the lease unless expressly stated in the receivership agreement. Should the lease expire during the receivership, the commissioner or the managing agent may negotiate a new lease for the term of the receivership period.*

*Subd. 9. [RECEIVERSHIP ACCOUNTING.] The commissioner may use the medical assistance account and funds for receivership cash flow and accounting purposes.*

*Subd. 10. [RECEIVERSHIP COSTS.] The commissioner may use the accounts and funds that would have been available for the room and board, services, and program costs of persons in the residential program for costs,*

*cash flow, and accounting purposes related to the receivership.*

Sec. 49. Minnesota Statutes 1989 Supplement, section 245A.13, is amended to read:

**245A.13 [INVOLUNTARY RECEIVERSHIP FOR RESIDENTIAL PROGRAMS.]**

Subdivision 1. [APPLICATION.] In addition to any other remedy provided by law, the commissioner may petition the district court in the county where the residential program is located for an order directing the controlling individuals of the residential program to show cause why the commissioner or the commissioner's designated representative should not be appointed receiver to operate the residential program. The petition to the district court must contain proof by affidavit: (1) that the commissioner has either begun license suspension or revocation proceedings, suspended or revoked a license, or has decided to deny an application for licensure of the residential program; or (2) it appears to the commissioner that the health, safety, or rights of the residents may be in jeopardy because of the manner in which the residential program may close, the residential program's financial condition, or violations committed by the residential program of federal or state laws or rules. If the license holder, applicant, or controlling individual operates more than one residential program, the commissioner's petition must specify and be limited to the residential program for which it seeks receivership. The affidavit submitted by the commissioner must set forth alternatives to receivership that have been considered, including rate adjustments. The order to show cause is returnable not less than five days after service is completed and must provide for personal service of a copy to the residential program administrator and to the persons designated as agents by the controlling individuals to accept service on their behalf.

Subd. 2. [APPOINTMENT OF RECEIVER; RENTAL.] If the court finds that involuntary receivership is necessary as a means of protecting the health, safety, or rights of persons being served by the residential program, the court shall appoint a *the commissioner* as receiver to operate the residential program. ~~In the event that no receiver can be found who meets the conditions of this section, the commissioner or commissioner's designated representative may serve as the receiver. The court shall determine a fair monthly rental for the physical plant, taking into account all relevant factors necessary to meet required arms-length obligations of controlling individuals such as mortgage payments, real estate taxes, special assessments, and the conditions of the physical plant. The rental fee must be paid by the receiver to the appropriate controlling individuals for each month that the receivership remains in effect. No payment made to a controlling individual by the receiver or any state agency during a period of involuntary receivership shall include any allowance for profit or be based on any formula that includes an allowance for profit. The commissioner as receiver may contract with another entity or group to act as the managing agent during the receivership period. The managing agent will be responsible for the day-to-day operations of the residential program subject at all times to the review and approval of the commissioner.~~

Subd. 3. [POWERS AND DUTIES OF THE RECEIVER.] Within 36 months after the receivership order, a *the receiver* appointed to operate a residential program during a period of involuntary receivership shall provide for the orderly transfer of the persons served by the residential program

to other residential programs or make other provisions to protect their health, safety, and rights. The receiver *or the managing agent* shall correct or eliminate deficiencies in the residential program that the commissioner determines endanger the health, safety, or welfare of the persons being served by the residential program unless the correction or elimination of deficiencies involves major alteration in the structure of the physical plant. If the correction or elimination of the deficiencies requires major alterations in the structure of the physical plant, the receiver shall take actions designed to result in the immediate transfer of persons served by the residential program. During the period of the receivership, the receiver *and the managing agent* shall operate the residential program in a manner designed to preserve the health, safety, rights, adequate care, and supervision of the persons served by the residential program. The receiver *or the managing agent* may make contracts and incur lawful expenses. The receiver *or the managing agent* shall collect incoming payments from all sources and apply them to the cost incurred in the performance of the ~~receiver's~~ functions of *the receivership* including the ~~receiver's~~ fee set under subdivision 4. No security interest in any real or personal property comprising the residential program or contained within it, or in any fixture of the physical plant, shall be impaired or diminished in priority by the receiver *or the managing agent*. ~~The receiver shall pay all valid obligations of the residential program and may deduct these expenses, if necessary, from rental payments owed to any controlling individual by virtue of the receivership.~~

*Subd. 3a. [LIABILITY.] The provisions contained in section 245A.12, subdivision 6, shall also apply to receiverships ordered according to this section.*

*Subd. 3b. [LIABILITY FOR FINANCIAL OBLIGATIONS.] The provisions contained in section 245A.12, subdivision 7, also apply to receiverships ordered according to this section.*

*Subd. 3c. [PHYSICAL PLANT OF THE RESIDENTIAL PROGRAM.] Occupation of the physical plant under an involuntary receivership shall be governed by paragraphs (a) and (b).*

*(a) The physical plant owned by a controlling individual of the residential program or related party must be made available for the use of the residential program throughout the receivership period. The court shall determine a fair monthly rental for the physical plant, taking into account all relevant factors necessary to meet required arms-length obligations of controlling individuals such as mortgage payments, real estate taxes, special assessments, and the conditions of the physical plant. The rental fee must be paid by the receiver to the appropriate controlling individuals or related parties for each month that the receivership remains in effect. No payment made to a controlling individual or related party by the receiver or the managing agent or any state agency during a period of the receivership shall include any allowance for profit or be based on any formula that includes an allowance for profit.*

*(b) If the owner of the physical plant of a residential program is not a related party, the court shall order the controlling individual to continue as the lessee of the property during the receivership period. Rental payments during the receivership period shall be made to the owner of the physical plant by the commissioner or the managing agent on behalf of the controlling individual.*

**Subd. 4. [RECEIVER'S FEE; LIABILITY; ASSISTANCE FROM THE**

**COMMISSIONER.**] A receiver appointed under an involuntary receivership or the managing agent is entitled to a reasonable receiver's fee as determined by the court. The receiver's fee is governed by section 256B.495. ~~The receiver is liable only in an official capacity for injury to person and property by reason of the conditions of the residential program. The receiver is not personally liable, except for gross negligence and intentional acts.~~

Subd. 5. [TERMINATION.] An involuntary receivership terminates 36 months after the date on which it was ordered or at any other time designated by the court or when any of the following events occurs:

(1) the commissioner determines that the residential program's license application should be granted or should not be suspended or revoked;

(2) a new license is granted to the residential program; or

(3) the commissioner determines that all persons residing in the residential program have been provided with alternative residential programs;  
or

(4) the residential program closes.

Subd. 6. [EMERGENCY PROCEDURE.] If it appears from the petition filed under subdivision 1, from an affidavit or affidavits filed with the petition, or from testimony of witnesses under oath if the court determines it necessary, that there is probable cause to believe that an emergency exists in a residential program, the court shall issue a temporary order for appointment of a receiver within five days after receipt of the petition. Notice of the petition must be served on the residential program administrator and on the persons designated as agents by the controlling individuals to accept service on their behalf. A hearing on the petition must be held within five days after notice is served unless the administrator or designated agent consents to a later date. After the hearing, the court may continue, modify, or terminate the temporary order.

Subd. 7. [RATE RECOMMENDATION.] The commissioner of human services may review rates of a residential program participating in the medical assistance program which is in ~~involuntary~~ receivership and that has needs or deficiencies documented by the department of health or the department of human services. If the commissioner of human services determines that a review of the rate established under section 256B.501 is needed, the commissioner shall:

(1) review the order or determination that cites the deficiencies or needs; and

(2) determine the need for additional staff, additional annual hours by type of employee, and additional consultants, services, supplies, equipment, repairs, or capital assets necessary to satisfy the needs or deficiencies.

Subd. 8. [ADJUSTMENT TO THE RATE.] Upon review of rates under subdivision 7, the commissioner may adjust the residential program's payment rate. The commissioner shall review the circumstances, together with the residential program cost report, to determine whether or not the deficiencies or needs can be corrected or met by reallocating residential program staff, costs, revenues, or other resources including any investments, efficiency incentives, or allowances. If the commissioner determines that any deficiency cannot be corrected or the need cannot be met *with the payment rate currently being paid*, the commissioner shall determine the payment rate adjustment by dividing the additional annual costs established



during the commissioner's review by the residential program's actual resident days from the most recent desk-audited cost report or the estimated resident days in the projected receivership period. The payment rate adjustment must meet the conditions in Minnesota Rules, parts 9553.0010 to 9553.0080, and remains in effect during the period of the receivership or until another date set by the commissioner. Upon the subsequent sale or transfer of the residential program, the commissioner may recover amounts that were paid as payment rate adjustments under this subdivision. The buyer or transferee shall repay this amount to the commissioner within 60 days after the commissioner notifies the buyer or transferee of the obligation to repay. This provision does not limit the liability of the seller to the commissioner pursuant to section 256B.0641.

*Subd. 9. [RECEIVERSHIP ACCOUNTING.] The commissioner may use the medical assistance account and funds for receivership cash flow and accounting purposes.*

*Subd. 10. [RECEIVERSHIP COSTS.] The commissioner may use the accounts and funds that would have been available for the room and board, services, and program costs of persons in the residential program for costs, cash flow, and accounting purposes related to the receivership.*

Sec. 50. Minnesota Statutes 1988, section 245A.14, subdivision 1, is amended to read:

**Subdivision 1. [PERMITTED SINGLE-FAMILY RESIDENTIAL USE.]** A licensed nonresidential program with a licensed capacity of 12 or fewer persons *and a group family day care facility licensed under Minnesota Rules, parts 9502.0315 to 9502.0445, to serve 14 or fewer children* shall be considered a permitted single-family residential use of property for the purposes of zoning and other land use regulations.

Sec. 51. Minnesota Statutes 1988, section 245A.14, subdivision 2, is amended to read:

**Subd. 2. [PERMITTED MULTIFAMILY USE.]** ~~Unless~~ *Except as* otherwise provided in *subdivision 1* or in a town, municipal, or county regulation, a licensed nonresidential program with a licensed capacity of 13 to 16 persons shall be considered a permitted multifamily residential use of property for purposes of zoning. A town, municipal, or county zoning authority may require a conditional use or special use permit in order to assure proper maintenance and operation of the program. Conditions imposed on the nonresidential program must not be more restrictive than those imposed on other conditional uses or special uses of residential property in the same zones unless the additional conditions are necessary to protect the health and safety of the persons being served by the nonresidential program. Nothing in sections 245A.01 to 245A.16 shall be construed to exclude or prohibit nonresidential programs from single-family zones if otherwise permitted by local zoning regulations.

Sec. 52. Minnesota Statutes 1989 Supplement, section 245A.16, subdivision 1, is amended to read:

**Subdivision 1. [DELEGATION OF AUTHORITY TO AGENCIES.]** (a) County agencies and private agencies that have been designated or licensed by the commissioner to perform licensing functions and activities under section 245A.04, to recommend denial of applicants under section 245A.05, to ~~recommend~~ *issue* correction orders and *recommend* fines under section 245A.06, or to recommend suspending, revoking, and making licenses

probationary under section 245A.07, shall comply with rules and directives of the commissioner governing those functions and with this section.

(b) By January 1, 1991, the commissioner shall study and make recommendations to the legislature regarding the licensing and provision of support services to child foster homes. In developing the recommendations, the commissioner shall consult licensed private agencies, county agencies, and licensed foster home providers.

Sec. 53. Minnesota Statutes 1988, section 245A.16, subdivision 4, is amended to read:

Subd. 4. [ENFORCEMENT OF THE COMMISSIONER'S ORDERS.] The county or private agency shall enforce the commissioner's orders under sections 245A.07 and 245A.08, subdivision 5, according to the instructions of the commissioner. *The county attorney shall assist the county agency in the enforcement and defense of the commissioner's orders under sections 245A.07 and 245A.08 according to the instructions of the commissioner, unless a conflict of interest exists between the county attorney and the commissioner.*

Sec. 54. [245A.17] [SEAT BELT USE REQUIRED.]

*(a) When a nonresidential license holder provides or arranges for transportation for children served by the license holder, children four years old and older must be restrained by a properly adjusted and fastened seat belt and children under age four must be properly fastened in a child passenger restraint system meeting federal motor vehicle safety standards. A child passenger restraint system is not required for a child who, in the judgment of a licensed physician, cannot be safely transported in a child passenger restraint system because of a medical condition, body size, or physical disability, if the license holder possesses a written statement from the physician that satisfies the requirements in section 169.685, subdivision 5, paragraph (b).*

*(b) Paragraph (a) does not apply to transportation of children in a school bus inspected under section 169.451 that has a gross vehicle weight rating of more than 10,000 pounds, is designed for carrying more than ten persons, and was manufactured after 1977.*

Sec. 55. [STUDY OF SEAT BELT REQUIREMENTS.]

*The commissioner of human services with the assistance of the commissioners of education and public safety shall study and make recommendations to the 1991 legislature for standards for the transportation of children by nonresidential programs licensed by the commissioner of human services.*

Sec. 56. Minnesota Statutes 1988, section 252.27, as amended by Laws 1989, chapter 282, article 2, section 92, is amended to read:

~~252.27 [COST OF BOARDING CARE OUTSIDE OF HOME OR INSTITUTION PARENTAL CONTRIBUTION FOR THE COST OF CHILDREN'S SERVICES.]~~

Subdivision 1. [COUNTY RESPONSIBILITY.] Whenever any child who has mental retardation or a related condition, or a physical or emotional handicap is in 24-hour care outside the home including respite care, in a facility licensed by the commissioner of human services, the cost of ~~care~~ services shall be paid by the county of financial responsibility determined

pursuant to chapter 256G. If the child's parents or guardians do not reside in this state, the cost shall be paid by the responsible governmental agency in the state from which the child came, by the parents or guardians of the child if they are financially able, or, if no other payment source is available, by the commissioner of human services.

Subd. 1a. [DEFINITIONS.] A person has a "related condition" if that person has a severe, chronic disability that is (a) attributable to cerebral palsy, epilepsy, autism, Prader-Willi syndrome, or any other condition, other than mental illness, found to be closely related to mental retardation because the condition results in impairment of general intellectual functioning or adaptive behavior similar to that of persons with mental retardation or requires treatment or services similar to those required for persons with mental retardation; (b) is likely to continue indefinitely; and (c) results in substantial functional limitations in three or more of the following areas of major life activity: self-care, understanding and use of language, learning, mobility, self-direction, or capacity for independent living. For the purposes of this section, a child has an "emotional handicap" if the child has a psychiatric or other emotional disorder which substantially impairs the child's mental health and requires 24-hour treatment or supervision.

Subd. 2. [PARENTAL RESPONSIBILITY.] Responsibility of the parents for the cost of ~~care~~ services shall be based upon ability to pay. The state agency shall adopt rules to determine responsibility of the parents for the cost of ~~care~~ services when:

(a) Insurance or other health care benefits pay some but not all of the cost of ~~care~~ services; and

(b) No insurance or other health care benefits are available.

Subd. 2a. [CONTRIBUTION AMOUNT.] (a) *The natural or adoptive parents of a minor child, including a child determined eligible for medical assistance without consideration of parental income, must contribute monthly to the cost of services, unless the child is married or has been married, parental rights have been terminated, or the child's adoption is subsidized according to section 259.40 or through title IV-E of the Social Security Act.*

(b) *The parental contribution equals the following percentage of that portion of the income of the natural or adoptive parents that exceeds 200 percent of the federal poverty guidelines for the applicable household size:*

Adjusted Gross Income	Percentage contribution exceeding 200 percent of poverty
Under \$40,000	0
\$40,000 to \$49,999	10
\$50,000 to \$59,999	12
\$60,000 to \$74,999	14
\$75,000 or more	15

*If the child lives with the parent, the parental contribution is reduced by \$200. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.*

(c) *The household size to be used in determining the amount of contribution under paragraph (b) includes natural and adoptive parents and their dependents under age 21, including the child receiving services. Adjustments in the contribution amount due to annual changes in the federal poverty guidelines shall be implemented on the first day of July following publication of the changes.*

(d) *For purposes of paragraph (b), "income" means the adjusted gross income of the natural or adoptive parents determined according to the previous year's federal tax form.*

(e) *The contribution shall be explained in writing to the parents at the time eligibility for services is being determined. The contribution shall be made on a monthly basis effective with the first month in which the child receives services. Annually upon redetermination or at termination of eligibility, if the contribution exceeded the cost of services provided, the local agency or the state shall reimburse that excess amount to the parents, either by direct reimbursement if the parent is no longer required to pay a contribution, or by a reduction in or waiver of parental fees until the excess amount is exhausted.*

(f) *The monthly contribution amount must be reviewed at least every 12 months; when there is a change in household size; and when there is a loss of or gain in income from one month to another in excess of ten percent. The local agency shall mail a written notice 30 days in advance of the effective date of a change in the contribution amount. A decrease in the contribution amount is effective in the month that the parent verifies a reduction in income or change in household size.*

(g) *Parents of a minor child who do not live with each other shall each pay the contribution required under paragraph (a), except that a court-ordered child support payment actually paid on behalf of the child receiving services shall be deducted from the contribution of the parent making the payment.*

(h) *The contribution under paragraph (b) shall be increased by an additional five percent if the local agency determines that insurance coverage is available but not obtained for the child. For purposes of this section, "available" means the insurance is a benefit of employment for a family member at an annual cost of no more than five percent of the family's annual income. For purposes of this section, insurance means health and accident insurance coverage, enrollment in a nonprofit health service plan, health maintenance organization, self-insured plan, or preferred provider organization.*

~~Parents who have more than one child in out-of-home care receiving services shall not be required to pay more than the amount for one the child in out-of-home care. In no event shall the parents be required to pay more than five percent of their income as defined in section 290A.03, subdivision 3 with the highest expenditures. There shall be no resource contribution from the parents. The parent shall not be required to pay a contribution in excess of the cost of the services provided to the child, not counting payments made to school districts for education-related services. Notice of an increase in fee payment must be given at least 30 days before the increased fee is due.~~

*Subd. 2b. [CHILD'S RESPONSIBILITY.] Responsibility of the child for the cost of care shall be up to the maximum amount of the total income*

and resources attributed to the child except for the clothing and personal needs allowance as provided in section 256B.35, subdivision 1. Reimbursement by the parents and child shall be made to the county making any payments for ~~care and treatment services~~. The county board may require payment of the full cost of caring for children whose parents or guardians do not reside in this state.

To the extent that a child described in subdivision 1 is eligible for benefits under chapter 62A, 62C, 62D, 62E, or 64B, the county is not liable for the cost of ~~care services~~. ~~A parent or legal guardian who discontinues payment of health insurance premiums, subscriber fees or enrollment fees for a child who is otherwise eligible for those benefits is ineligible for payment of the cost of care of that child under this section.~~

~~The commissioner's determination shall be conclusive in any action to enforce payment of the cost of care. Any appeals from the commissioner's determination shall be made pursuant to section 256.045, subdivisions 2 and 3.~~

*Subd. 2c. [APPEALS.] A parent may appeal the determination of an obligation to make a contribution under this section, according to section 256.045.*

*Subd. 3. [CIVIL ACTIONS.] If the parent fails to make appropriate reimbursement as required in subdivision 2, the county attorney may initiate a civil action to collect any unpaid reimbursement 2a and 2b, the attorney general, at the request of the commissioner, may institute or direct the appropriate county attorney to institute civil action to recover the required reimbursement.*

*Subd. 4. [ORDER OF PAYMENT.] If the parental contribution is for reimbursement for the cost of services to both the local agency and the medical assistance program, the local agency shall be reimbursed for its expenses first and the remainder must be deposited in the medical assistance account.*

#### Sec. 57. [254A.17] [PREVENTION AND TREATMENT INITIATIVES.]

*Subdivision 1. [MATERNAL AND CHILD SERVICE PROGRAMS.] The commissioner shall fund maternal and child health and social service programs designed to improve the health and functioning of children born to mothers using alcohol and controlled substances. Comprehensive programs shall include immediate and ongoing intervention, treatment, and coordination of medical, educational, and social services through a child's preschool years. Programs shall also include research and evaluation to identify methods most effective in improving outcomes among this high-risk population.*

*Subd. 2. [CHILD PROTECTION PROGRAMS.] The commissioner shall fund innovative child protection programs for children and families at risk due to substance abuse. Funding of a program under this subdivision must result in (1) earlier intervention; (2) the provision of in-home supervision; and (3) case management of all services required. Programs must also include research and evaluation to identify methods most effective in child protection services for this high-risk population.*

*Subd. 3. [STATEWIDE DETOXIFICATION TRANSPORTATION PROGRAM.] The commissioner shall provide grants to counties, Indian reservations, other nonprofit agencies, or local detoxification programs for*

*provision of transportation of intoxicated individuals to detoxification programs.*

Sec. 58. Minnesota Statutes 1989 Supplement, section 254B.03, subdivision 4, is amended to read:

Subd. 4. [DIVISION OF COSTS.] Except for services provided by a county under section 254B.09, subdivision 1, *or services provided under section 256B.69 or 256D.03, subdivision 4, paragraph (b),* the county shall, out of local money, pay the state for 15 percent of the cost of chemical dependency services, *including those services provided to persons eligible for medical assistance under chapter 256B and general assistance medical care under chapter 256D.* Counties may use the indigent hospitalization levy for treatment and hospital payments made under this section. Fifteen percent of any state collections from private or third-party pay, less 15 percent of the cost of payment and collections, must be distributed to the county that paid for a portion of the treatment under this section. If all funds allocated according to section 254B.02 are exhausted by a county and the county has met or exceeded the base level of expenditures under section 254B.02, subdivision 3, the county shall pay the state for 15 percent of the costs paid by the state under this section. The commissioner may refuse to pay state funds for services to persons not eligible under section 254B.04, subdivision 1, if the county financially responsible for the persons has exhausted its allocation.

Sec. 59. Minnesota Statutes 1988, section 254B.04, as amended by Laws 1989, chapter 282, article 2, section 106, is amended to read:

254B.04 [ELIGIBILITY FOR CHEMICAL DEPENDENCY FUND SERVICES.]

Subdivision 1. [ELIGIBILITY.] *(a) Persons eligible for benefits under sections ~~256D.01 to 256D.21, or for federal benefits under~~ Code of Federal Regulations, title 25, part 20, and persons eligible for federal health care medical assistance benefits under sections 256B.055; and 256B.056; and ~~256B.06~~ or who meet the income standards of section 256B.056, subdivision 4, and persons eligible for general assistance medical care under section 256D.03, subdivision 3 are entitled to chemical dependency fund services.*

*(b) A person not entitled to services under paragraph (a), but with family income that is less than 60 percent of the state median income for a family of like size and composition, shall be eligible to receive chemical dependency fund services within the limit of funds available after persons entitled to services under paragraph (a) have been served. A county may spend money from its own sources to serve persons under this paragraph.*

*(c) Persons whose income is between 60 percent and 115 percent of the state median income shall be eligible for chemical dependency services on a sliding fee basis, within the limit of funds available, after persons entitled to services under paragraph (a) and persons eligible for services under paragraph (b) have been served. Persons eligible under this paragraph must contribute to the cost of services according to the sliding fee scale established under subdivision 3. A county may spend money from its own sources to provide services to persons under this paragraph.*

Subd. 3. [AMOUNT OF CONTRIBUTION.] The commissioner shall adopt a sliding fee scale to determine the amount of contribution to be

required from persons whose income is greater than the standard of assistance under sections 256B.055, 256B.056, 256B.06, and 256D.01 to 256D.21 under this section. The commissioner may adopt rules to amend existing fee scales. The commissioner may establish a separate fee scale for recipients of chemical dependency transitional and extended care rehabilitation services that provides for the collection of fees for board and lodging expenses. The fee schedule shall ensure that employed persons are allowed the income disregards and savings accounts that are allowed residents of community mental illness facilities under section 256D.06, subdivisions 1 and 1b. The fee scale must not provide assistance to persons whose income is more than 115 percent of the state median income. Payments of liabilities under this section are medical expenses for purposes of determining spend-down under sections 256B.055, 256B.056, 256B.06, and 256D.01 to 256D.21. The required amount of contribution established by the fee scale in this subdivision is also the cost of care responsibility subject to collection under section 254B.06, subdivision 1.

Sec. 60. Minnesota Statutes 1988, section 254B.08, is amended to read:  
254B.08 [FEDERAL WAIVERS.]

The commissioner shall apply for any federal waivers necessary to secure, to the extent allowed by law, federal financial participation for the provision of services to persons who need chemical dependency services. The commissioner may seek amendments to the waivers or apply for additional waivers to contain costs. The commissioner shall ensure that payment for the cost of providing chemical dependency services under the federal waiver plan does not exceed the cost of chemical dependency services that would have been provided without the waived services.

~~Notwithstanding sections 254B.04 and 256B.02, subdivision 8, clause (18), and rules adopted under section 254B.03, subdivision 5, persons eligible under sections 256B.055, 256B.056, and 256B.06 for medical assistance benefits shall not be eligible for services reimbursed through the consolidated chemical dependency fund, except for transitional rehabilitation, extended care programs, and culturally specific programs as defined by Minnesota Rules, part 9530.6605, subpart 13, until the federal Social Security Act, section 2108 (1915B), program waivers are secured. Until the necessary federal program waivers are secured, persons eligible for medical assistance benefits under sections 256B.055, 256B.056, and 256B.06 shall be eligible for chemical dependency treatment services under sections 256B.02, subdivision 8, and 256B.0625.~~

Sec. 61. Minnesota Statutes 1989 Supplement, section 256.74, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The amount of assistance which shall be granted to or on behalf of any dependent child and mother or other needy eligible relative caring for the dependent child shall be determined by the county agency in accordance with rules promulgated by the commissioner and shall be sufficient, when added to all other income and support available to the child, to provide the child with a reasonable subsistence compatible with decency and health. The amount shall be based on the method of budgeting required in Public Law Number 97-35, section 2315, United States Code, title 42, section 602, as amended and federal regulations at Code of Federal Regulations, title 45, section 233. Nonrecurring lump sum income received by an assistance unit must be budgeted in the normal retrospective cycle. The number of months of ineligibility is determined

by dividing the amount of the lump sum income and all other income, after application of the applicable disregards, by the standard of need for the assistance unit. An amount remaining after this calculation is income in the first month of eligibility. If the total monthly income including the lump sum income is larger than the standard of need for a single month the first month of ineligibility is the payment month that corresponds with the budget month in which the lump sum income was received. In making its determination the county agency shall disregard the following from family income:

(1) all of the earned income of each dependent child receiving aid to families with dependent children who is a full-time student or part-time student, and not a full-time employee, attending a school, college, or university, or a course of vocational or technical training designed to fit students for gainful employment as well as all the earned income derived from the job training and partnership act (JTPA) for a dependent child for six calendar months per year, together with unearned income derived from the job training and partnership act;

(2) all educational grants and loans;

(3) the first \$90 of each individual's earned income. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;

(4) thirty dollars plus one-third of each individual's earned income for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the month of application. With respect to any month, the county welfare agency shall not disregard under this clause any earned income of any person who has: (a) reduced earned income without good cause within 30 days preceding any month in which an assistance payment is made; (b) refused without good cause to accept an offer of suitable employment; (c) left employment or reduced earnings without good cause and applied for assistance so as to be able later to return to employment with the advantage of the income disregard; or (d) failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of human services. Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment. The disregard of \$30 and one-third of earned income in this clause shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of subclauses (a) to (d) shall be considered as one of the four months. An additional \$30 work incentive must be available for an eight-month period beginning in the month following the last month of the combined \$30 and one-third work incentive. This period must be in effect whether or not the person has earned income or is eligible for AFDC. To again qualify for the earned income disregards under this clause, the individual must not be a recipient of aid for a period of 12 consecutive months. When an assistance unit becomes ineligible for aid due to the fact that these disregards are no longer



applied to income, the assistance unit shall be eligible for medical assistance benefits for a 12-month period beginning with the first month of AFDC ineligibility;

(5) an amount equal to the actual expenditures for the care of each dependent child or incapacitated individual living in the same home and receiving aid, not to exceed: (a) \$175 for each individual age two and older, and \$200 for each individual under the age of two, when the family member whose needs are included in the eligibility determination is employed for 30 or more hours per week; or (b) \$174 for each individual age two or older, and \$199 for each individual under the age of two, when the family member whose needs are included in the eligibility determination is not employed throughout the month or when employment is less than 30 hours per week. The dependent care disregard must be applied after all other disregards under this subdivision have been applied;

(6) the first \$50 per assistance unit of the monthly support obligation collected by the support and recovery (IV-D) unit. The first \$50 of periodic support payments collected by the public authority responsible for child support enforcement from a person with a legal obligation to pay support for a member of the assistance unit must be paid to the assistance unit within 15 days after the end of the month in which the collection of the periodic support payments occurred and must be disregarded when determining the amount of assistance. *A review of a payment decision under this clause must be requested within 30 days after receiving the notice of collection of assigned support, or within 90 days after receiving the notice if good cause can be shown for not making the request within the 30-day limit;*

(7) that portion of an insurance settlement earmarked and used to pay medical expenses, funeral and burial costs, or to repair or replace insured property; and

(8) all earned income tax credit payments received by the family as a refund of federal income taxes or made as advance payments by an employer.

Sec. 62. [256.9791] [MEDICAL SUPPORT BONUS INCENTIVES.]

*Subdivision 1. [BONUS INCENTIVE.] (a) A bonus incentive program is created to increase the identification and enforcement by county agencies of dependent health insurance coverage for persons who are receiving medical assistance under section 256B.055 and for whom the county agency is providing child support enforcement services.*

*(b) The bonus shall be awarded to a county child support agency for each person for whom coverage is identified and enforced by the child support enforcement program when the obligor is under a court order to provide dependent health insurance coverage.*

*Subd. 2. [DEFINITIONS.] For the purpose of this section, the following definitions apply.*

*(a) "Case" means a family unit that is receiving medical assistance under section 256B.055 and for whom the county agency is providing child support enforcement services.*

*(b) "Commissioner" means the commissioner of the department of human services.*

*(c) "County agency" means the county child support enforcement agency.*

(d) "Coverage" means initial dependent health insurance benefits for a case or individual member of a case.

(e) "Enforce" or "enforcement" means obtaining proof of current or future dependent health insurance coverage through an overt act by the county agency.

(f) "Enforceable order" means a child support court order containing the statutory language in section 518.171 or other language ordering an obligor to provide dependent health insurance coverage.

(g) "Identify" or "identification" means obtaining proof of dependent health insurance coverage through an overt act by the county agency.

**Subd. 3. [ELIGIBILITY; REPORTING REQUIREMENTS.]** (a) In order for a county to be eligible to claim a bonus incentive payment, the county agency must report to the commissioner, no later than August 1 of each fiscal year, the number of cases as of June 30 of the preceding fiscal year in which (1) the court has established an obligation for coverage by the obligor and (2) coverage was in effect as of June 30. The ratio resulting when the number of cases reported under (2) is divided by the number of cases reported under (1) shall be used to determine the amount of the bonus incentive according to subdivision 4.

(b) A county that fails to submit the required information by August 1 of each fiscal year is not eligible for any bonus payments under this section for that fiscal year.

**Subd. 4. [RATE OF BONUS INCENTIVE.]** The rate of the bonus incentive shall be determined according to paragraphs (a) to (c).

(a) When a county agency has identified or enforced coverage in up to and including 50 percent of its cases, the county shall receive \$15 for each additional person for whom coverage is identified or enforced.

(b) When a county agency has identified or enforced coverage in more than 50 percent but less than 80 percent of its cases, the county shall receive \$20 for each person for whom coverage is identified or enforced.

(c) When a county agency has identified or enforced coverage in 80 percent or more of its cases, the county shall receive \$25 for each person for whom coverage is identified or enforced.

(d) Bonus payments according to paragraphs (a) to (c) are limited to one bonus for each covered person each time the county agency identifies or enforces previously unidentified health insurance coverage and apply only to coverage identified or enforced after the effective date of this section.

**Subd. 5. [CLAIMS FOR BONUS INCENTIVE.]** (a) Beginning July 1, 1990, county agencies shall file a claim for a medical support bonus payment by reporting to the commissioner the following information for each case where dependent health insurance is identified or enforced as a result of an overt act of the county agency:

(1) child support enforcement system case number or county specific case number;

(2) names and dates of birth for each person covered; and

(3) the effective date of coverage.

*(b) The report must be made upon enrollment in coverage but no later than September 30 for coverage identified or established during the preceding fiscal year.*

*(c) The county agency making the initial contact resulting in the establishment of coverage is the county agency entitled to claim the bonus incentive even if the case is transferred to another county agency prior to the time coverage is established.*

*(d) Disputed claims must be submitted to the commissioner and the commissioner's decision is final.*

*Subd. 6. [DISTRIBUTION.] (a) Bonus incentives must be issued to the county agency quarterly, within 45 days after the last day of each quarter for which a bonus incentive is being claimed, and must be paid up to the limit of the appropriation in the order in which claims are received.*

*(b) Total bonus incentives must be computed by multiplying the number of persons included in claims submitted in accordance with this section by the applicable bonus payment as determined in subdivision 4.*

*(c) The county agency must repay any bonus erroneously issued.*

*(d) A county agency must maintain a record of bonus incentives claimed and received for each quarter.*

Sec. 63. Minnesota Statutes 1988, section 256E.06, subdivision 2, is amended to read:

*Subd. 2. [FORMULA LIMITATION.] The amounts computed pursuant to subdivision 1 shall be subject to the following limitations:*

*(a) No county shall be allocated more than 130 percent of the amount received prior to any penalty imposed under subdivision 7 in the immediately preceding year. If the amount allocated to any county pursuant to subdivision 1 is greater than this amount, the excess shall be reallocated to all counties in direct proportion to their initial allocations.*

*(b) Each county shall be guaranteed a percentage increase over the previous year's allocation equal to 0.2 percent for each percentage increase in the statewide allocation, up to a maximum guaranteed increase of one percent when the statewide allocation increases by five percent or more. If the amount allocated to any county pursuant to subdivision 1 is less than this amount, the shortage shall be recovered from all counties in direct proportion to their initial allocations.*

*(c) If the amount to be allocated statewide in any year is less than the amount allocated in the previous year, then the provisions of clause (b) shall not apply, and each county's allocation shall be equal to its previous year's allocation reduced by the same percentage that the statewide allocation was reduced.*

*(d) For the purpose of calculating the 1991 community social services act allocation, the 1990 allocation must be increased by the following amounts: \$46,487 for Crow Wing county, \$21,995 for Fillmore county, \$5,368 for Hubbard county, \$24,225 for Lac Qui Parle county, and \$4,444 for Red Lake county.*

Sec. 64. Minnesota Statutes 1988, section 256E.06, subdivision 7, is amended to read:

*Subd. 7. [FAILURE TO LEVY.] A county which levies less than the*

levy required in subdivision 5, shall receive a reduction in the aid calculated pursuant to subdivisions 1 and 2. The commissioner shall calculate the reduced aid as follows:

(a) Divide the amount levied by the amount required to be levied in subdivision 5; and

(b) Multiply the ratio derived in clause (a) times the aid calculated under ~~subdivision~~ subdivisions 1 and 2.

*The amount of the reduction in aid shall be returned to the general fund. The reduction in aid imposed under this subdivision shall be effective for one year, and aid in the following year shall be calculated under subdivisions 1 and 2 as though the reduction had not occurred. This provision applies to penalties imposed for the year 1989 and all subsequent years.*

Sec. 65. Minnesota Statutes 1989 Supplement, section 257.57, subdivision 1, is amended to read:

Subdivision 1. A child, the child's biological mother, or a man presumed to be the child's father under section 257.55, subdivision 1, clause (a), (b), or (c) may bring an action:

(a) At any time for the purpose of declaring the existence of the father and child relationship presumed under section 257.55, subdivision 1, clause (a), (b), or (c); or

(b) Within three years after the child's birth for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, clause (a), (b), or (c). However, if the presumed father was divorced from the child's mother ~~after service by publication,~~ and, if, on or before the 280th day after the judgment and decree of divorce or dissolution became final, he did not know that the child was born during the marriage or within 280 days after the marriage was terminated, the action is not barred until one year after the child reaches the age of majority *or one year after the presumed father knows or reasonably should have known of the birth of the child, whichever is earlier.* After the presumption has been rebutted, paternity of the child by another man may be determined in the same action, if he has been made a party.

Sec. 66. Minnesota Statutes 1988, section 462.357, subdivision 7, is amended to read:

Subd. 7. [PERMITTED SINGLE FAMILY USE.] A state licensed residential facility serving six or fewer persons ~~or~~, a licensed day care facility serving 12 or fewer persons, *and a group family day care facility licensed under Minnesota Rules, parts 9502.0315 to 9502.0445 to serve 14 or fewer children* shall be considered a permitted single family residential use of property for the purposes of zoning.

Sec. 67. Minnesota Statutes 1988, section 462.357, subdivision 8, is amended to read:

Subd. 8. [PERMITTED MULTIFAMILY USE.] ~~Unless~~ *Except as* otherwise provided in *subdivision 7 or in any town, municipal or county zoning regulation as authorized by this subdivision*, a state licensed residential facility serving from 7 through 16 persons or a licensed day care facility serving from 13 through 16 persons shall be considered a permitted multifamily residential use of property for purposes of zoning. A township, municipal or county zoning authority may require a conditional use or

special use permit in order to assure proper maintenance and operation of a facility, provided that no conditions shall be imposed on the facility which are more restrictive than those imposed on other conditional uses or special uses of residential property in the same zones, unless the additional conditions are necessary to protect the health and safety of the residents of the residential facility. Nothing herein shall be construed to exclude or prohibit residential or day care facilities from single family zones if otherwise permitted by a local zoning regulation.

Sec. 68. Minnesota Statutes 1988, section 518.54, is amended by adding a subdivision to read:

*Subd. 2a. [DEPOSIT ACCOUNT.] "Deposit account" means funds deposited with a financial institution in the form of a savings account, checking account, NOW account, or demand deposit account.*

Sec. 69. Minnesota Statutes 1988, section 518.54, is amended by adding a subdivision to read:

*Subd. 2b. [FINANCIAL INSTITUTION.] "Financial institution" means a savings association, bank, trust company, credit union, industrial loan and thrift company, bank and trust company, or building and loan association, and includes a branch or detached facility of a financial institution.*

Sec. 70. Minnesota Statutes 1988, section 518.551, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT TO PUBLIC AGENCY.] The court shall direct that all payments ordered for maintenance and support be made to the public agency responsible for child support enforcement so long as the obligee is receiving or has applied for public assistance, or has applied for child support and maintenance collection services. *Public authorities responsible for child support enforcement may act on behalf of other public authorities responsible for child support enforcement. This includes the authority to represent the legal interests of or execute documents on behalf of the other public authority in connection with the establishment, enforcement, and collection of child support, maintenance, or medical support, and collection on judgments.* Amounts received by the public agency responsible for child support enforcement greater than the amount granted to the obligee shall be remitted to the obligee.

Sec. 71. Minnesota Statutes 1988, 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 *determine and order child support in a specific dollar amount* in accordance with the guidelines and the other factors set forth in paragraph (b) and any departure therefrom.

The court shall ~~multiply~~ derive a specific dollar amount by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
\$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
\$401 - 500	14%	17%	20%	22%	24%	26%	28%
\$501 - 550	15%	18%	21%	24%	26%	28%	30%
\$551 - 600	16%	19%	22%	25%	28%	30%	32%
\$601 - 650	17%	21%	24%	27%	29%	32%	34%
\$651 - 700	18%	22%	25%	28%	31%	34%	36%
\$701 - 750	19%	23%	27%	30%	33%	36%	38%
\$751 - 800	20%	24%	28%	31%	35%	38%	40%
\$801 - 850	21%	25%	29%	33%	36%	40%	42%
\$851 - 900	22%	27%	31%	34%	38%	41%	44%
\$901 - 950	23%	28%	32%	36%	40%	43%	46%
\$951 - 1000	24%	29%	34%	38%	41%	45%	48%
\$1001- 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of \$4,001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of \$4,000.

Net Income defined as:

Total monthly income less

- \*(i) Federal Income Tax
- \*(ii) State Income Tax
- (iii) Social Security Deductions
- (iv) Reasonable Pension Deductions

\*Standard Deductions apply-use of tax tables recommended

- (v) Union Dues
- (vi) Cost of Dependent 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, but does include in-kind payments received by the obligor in the course of employment, self-employment, or operation of a business if the payments reduce the obligor's living expenses.

(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;

(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.

Sec. 72. Minnesota Statutes 1989 Supplement, section 518.551, subdivision 10, is amended to read:

Subd. 10. [ADMINISTRATIVE PROCESS FOR CHILD AND MEDICAL SUPPORT ORDERS.] An administrative process is established to obtain, modify, and enforce child and medical support orders and maintenance.

The commissioner of human services may designate counties to participate in the administrative process established by this section. All proceedings for obtaining, modifying, or enforcing child and medical support orders and maintenance and adjudicating uncontested parentage proceedings, required to be conducted in counties designated by the commissioner of human services in which the county human services agency is a party or represents a party to the action must be conducted by an administrative law judge from the office of administrative hearings, except for the following proceedings:

- (1) adjudication of contested parentage;
- (2) motions to set aside a paternity adjudication or declaration of parentage;
- (3) evidentiary hearing on contempt motions; and
- (4) motions to sentence or to revoke the stay of a jail sentence in contempt proceedings.

An administrative law judge may hear a stipulation reached on a contempt motion, but any stipulation that involves a finding of contempt and a jail sentence, whether stayed or imposed, shall require the review and signature of a district judge.

For the purpose of this process, all powers, duties, and responsibilities conferred on judges of the district court to obtain and enforce child and medical support obligations, subject to the limitation set forth herein, are conferred on the administrative law judge conducting the proceedings, including the power to issue orders to show cause and to issue bench warrants for failure to appear.

Before implementing the process in a county, the chief administrative law judge, the commissioner of human services, the director of the county human services agency, the county attorney, and the county court administrator shall jointly establish procedures and the county shall provide hearing facilities for implementing this process in a county.

Nonattorney employees of the public agency responsible for child support in the counties designated by the commissioner, acting at the direction of the county attorney, may prepare, sign, serve, and file complaints and motions for obtaining, modifying, or enforcing child and medical support orders and maintenance and related documents, appear at prehearing conferences, and participate in proceedings before an administrative law judge. This activity shall not be considered to be the unauthorized practice of law.

The hearings shall be conducted under the rules of the office of administrative hearings, Minnesota Rules, parts 1400.7100 to 1400.7500, 1400.7700, and 1400.7800, as adopted by the chief administrative law judge. All other aspects of the case, including, but not limited to, pleadings, discovery, and motions, shall be conducted under the rules of family court, the rules of civil procedure, and chapter 518. The administrative law judge shall make findings of fact, conclusions, and a final decision and issue an order. Orders issued by an administrative law judge are enforceable by the contempt powers of the county and district courts.

The decision and order of the administrative law judge ~~shall be a final agency decision for purposes of sections 14.63 to 14.69~~ is appealable to the court of appeals in the same manner as a decision of the district court.

Sec. 73. Minnesota Statutes 1988, section 518.611, subdivision 1, is



amended to read:

Subdivision 1. [ORDER.] Whenever an obligation for support of a dependent child or maintenance of a spouse, or both, is determined and ordered by a court of this state, the amount of child support or maintenance as determined by court order must be withheld from the income, regardless of source, of the person obligated to pay the support or maintenance. Every order for maintenance or support must include the obligor's social security number *and date of birth* and the name and address of the obligor's employer or other payor of funds.

Sec. 74. Minnesota Statutes 1988, section 518.611, subdivision 2, is amended to read:

Subd. 2. [CONDITIONS OF INCOME WITHHOLDING.] (a) Withholding shall result whenever the obligor fails to make the maintenance or support payments, and the following conditions are met:

(1) the obligor is at least 30 days in arrears;

(2) the obligee or the public authority serves written notice of income withholding, showing arrearage, on the obligor at least 15 days before service of the notice of income withholding and a copy of the court's order on the payor of funds;

(3) within the 15-day period, the obligor fails to move the court to deny withholding on the grounds that an arrearage of at least 30 days does not exist as of the date of the notice of income withholding, or on other grounds limited to mistakes of fact, and, ex parte, to stay service on the payor of funds until the motion to deny withholding is heard; ~~and~~

(4) the obligee or the public authority serves a copy of the notice of income withholding, a copy of the court's order, and the provisions of this section on the payor of funds; and

(5) the obligee serves on the public authority a copy of the notice of income withholding, a copy of the court's order, an application, and the fee to use the public authority's collection services.

(b) To pay the arrearage specified in the notice of income withholding, the employer or payor of funds shall withhold from the obligor's income an additional amount equal to 20 percent of the monthly child support or maintenance obligation until the arrearage is paid.

(c) The obligor may, at any time, waive the written notice required by this subdivision.

(d) The obligor may move the court, under section 518.64, to modify the order respecting the amount of maintenance or support.

(e) Every order for support or maintenance shall provide for a conspicuous notice of the provisions of this subdivision. An order without this notice remains subject to this subdivision.

(f) *Absent a court order to the contrary, if an arrearage exists at the time an order for ongoing support or maintenance would otherwise terminate, income withholding shall continue in effect in an amount equal to the former support or maintenance obligation plus an additional amount equal to 20 percent of the monthly child support obligation, until all arrears have been paid in full.*

Sec. 75. Minnesota Statutes 1988, section 518.611, is amended by adding a subdivision to read:

*Subd. 2a. [PREAUTHORIZED TRANSFERS FROM OBLIGOR ACCOUNTS.] In any case where income withholding is ineffective due to the obligor's method of obtaining income, the court shall order the obligor to identify a child support deposit account owned solely by the obligor, or to establish an account, in a financial institution located in this state for the purpose of depositing court-ordered child support payments. The court shall order the obligor to execute an agreement with the appropriate public authority authorizing preauthorized transfers from the obligor's child support deposit account payable to an account of the public authority responsible for child support enforcement. The court shall order the obligor to disclose to the court all deposit accounts owned by the obligor in whole or in part in any financial institution. The court may order the obligor to disclose to the court the opening or closing of any deposit account owned in whole or in part by the obligor within 30 days of the opening or closing. The court may order the obligor to execute an agreement with the appropriate public authority authorizing preauthorized transfers from any deposit account owned in whole or in part by the obligor to the obligor's child support deposit account if necessary to satisfy court-ordered child support payments. The court may order a financial institution to disclose to the court the account number and any other account identification information regarding accounts owned in whole or in part by the obligor. An obligor who fails to comply with this section, fails to deposit funds in at least one deposit account sufficient to pay court-ordered child support, or stops payment or revokes authorization of any preauthorized transfer is subject to contempt of court procedures under chapter 588.*

Sec. 76. Minnesota Statutes 1989 Supplement, section 518.611, subdivision 4, is amended to read:

*Subd. 4. [EFFECT OF ORDER.] Notwithstanding any law to the contrary, the order is binding on the employer, trustee, or other payor of the funds, or financial institution when service under subdivision 2 has been made. Withholding must begin no later than the first pay period that occurs after 14 days following the date of the notice. In the case of a financial institution, preauthorized transfers must occur in accordance with a court-ordered payment schedule. An employer or other payor of funds, or financial institution in this state is required to withhold income according to court orders for withholding issued by other states or territories. The payor shall withhold from the income payable to the obligor the amount specified in the order and amounts required under subdivision 2, paragraph (b), and section 518.613 and shall remit, within ten days of the date the obligor is paid the remainder of the income, the amounts withheld to the public authority. The payor shall identify on the remittance information the date the obligor is paid the remainder of the income. The financial institution shall execute preauthorized transfers from the deposit accounts of the obligor in the amount specified in the order and amounts required under subdivision 2 as directed by the public authority responsible for child support enforcement. Employers may combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment. Amounts received by the public authority which are in excess of public assistance expended for the party or for a child shall be remitted to the party. An employer shall not discharge, or refuse to hire, or otherwise discipline an employee as a result*

of a wage or salary withholding authorized by this section. The employer or other payor of funds shall be liable to the obligee for any amounts required to be withheld. *A financial institution is liable to the obligee if funds in any of the obligor's deposit accounts identified in the court order equal the amount stated in the preauthorization agreement but are not transferred by the financial institution in accordance with the agreement.*

Sec. 77. Minnesota Statutes 1988, section 518.611, subdivision 8, is amended to read:

Subd. 8. [EMPLOYER AND OBLIGOR NOTICE.] When an individual is hired for employment, the employer shall request that the individual disclose whether or not the individual has court-ordered child support obligations that are required by law to be withheld from income and the terms of the court order, if any. The individual shall disclose this information at the time of hiring. When an individual discloses that the individual owes child support that is required to be withheld, the employer shall begin withholding according to the terms of the order and under this section. When a withholding order is in effect and the obligor's employment is terminated or the periodic payment terminates, the obligor and the obligor's employer or the payor of funds shall notify the public agency responsible for child support enforcement of the termination within ten days of the termination date. The notice shall include the obligor's home address and the name and address of the obligor's new employer or payor of funds, if known. Information disclosed under this section shall not be divulged except to the extent necessary for the administration of the child support enforcement program or when otherwise authorized by law.

Sec. 78. Minnesota Statutes 1988, section 518.611, subdivision 8a, is amended to read:

Subd. 8a. [LUMP SUM PAYMENTS.] (a) Upon the transmittal of the last reimbursement payment to the employee, where a lump sum payment including, but not limited to, severance pay, accumulated sick pay or vacation pay is paid upon termination of employment, and where the employee is in arrears in making court ordered child support payments, the employer shall withhold an amount which is the lesser of (1) the amount in arrears or (2) that portion of the arrearages which is the product of the obligor's monthly court ordered support amount multiplied by the number of months of net income that the lump sum payment represents.

(b) An employer, trustee, or other payor of funds who has been served with a notice of income withholding under subdivision 2 or section 518.613 must:

(1) notify the public authority of any lump sum payment of \$500 or more that is to be paid to the obligor;

(2) hold the lump sum payment for 30 days after the date on which the lump sum payment would otherwise have been paid to the obligor, notwithstanding sections 181.08, 181.101, 181.11, 181.13, and 181.145; and

(3) upon order of the court, pay any specified amount of the lump sum payment to the public authority for support.

Sec. 79. Minnesota Statutes 1989 Supplement, section 518.613, subdivision 2, is amended to read:

Subd. 2. [ORDER; COLLECTION SERVICES.] Every order for child support must include the obligor's social security number and date of birth

and the name and address of the obligor's employer or other payor of funds. Upon entry of the order for support or maintenance, the court shall mail a copy of the court's automatic income withholding order and the provisions of section 518.611 and this section to the obligor's employer or other payor of funds and to the public authority responsible for child support enforcement. An obligee who is not a recipient of public assistance shall apply for the collection services of the public authority when an order for support is entered unless the requirements of this section have been waived under subdivision 7. No later than January 1, 1990, the supreme court shall develop a standard automatic income withholding form to be used by all Minnesota courts. This form shall be made a part of any order for support or decree by reference.

Sec. 80. Minnesota Statutes 1988, section 518C.02, is amended by adding a subdivision to read:

*Subd. 1a. [CENTRAL REGISTRY.] "Central registry" means a single unit within the department of human services that receives and disseminates incoming interstate actions filed under title IV-D of the Social Security Act, as amended, including any proceedings under this section.*

Sec. 81. Minnesota Statutes 1988, section 518C.02, is amended by adding a subdivision to read:

*Subd. 9a. [PUBLIC AUTHORITY.] "Public authority" means the public authority responsible for child support enforcement.*

Sec. 82. Minnesota Statutes 1988, section 518C.03, is amended to read:

**518C.03 [HOW DUTIES OF SUPPORT ENFORCED.]**

*Subdivision 1. [DUTIES OF SUPPORT.] All duties of support, including the duty to pay arrearages, are enforceable by a proceeding under sections 518C.01 to 518C.36, including a proceeding for civil contempt. The defense that the parties are immune to suit because of their relationship as husband and wife, or parent and child is not available to the obligor.*

*Subd. 2. [ARREARAGES.] Arrearages that have become a support judgment, which is final by operation of law of this state or of any other jurisdiction, shall be given full faith and credit for enforcement purposes. No arrearages or judgment for support may be retroactively modified, except as provided in section 518.64. A Minnesota court may order that judgment be entered for a child support arrearage owed under an order of another state or order that payments be made toward an arrearage or existing judgment if the matter is before the court whether by petition or by registration.*

Sec. 83. Minnesota Statutes 1988, section 518C.05, is amended to read:

**518C.05 [JURISDICTION.]**

~~Except in Hennepin and Ramsey counties, jurisdiction of a proceeding under sections 518C.01 to 518C.36 is vested in the county court. In Hennepin and Ramsey counties as provided for in section 518.551, subdivision 10, jurisdiction of a proceeding under sections 518C.01 to 518C.36 is vested in the district court.~~

Sec. 84. Minnesota Statutes 1988, section 518C.09, is amended to read:

**518C.09 [DUTY OF INITIATING COURT.]**

If the initiating court finds that the petition sets forth facts from which

it may be determined that the obligor owes a duty of support, and that a court of the responding state may obtain jurisdiction of the obligor or the obligor's property, it shall so certify and cause three copies of the petition and its certificate and one copy of sections 518C.01 to 518C.36 to be sent to the responding court. *If the complaint is filed by the public authority, the initiating court shall send the documents to the central registry in the responding state.* Certification shall be in accordance with the requirements of the initiating state. If the name and address of the responding court are unknown and the responding state has an information agency comparable to that established in the initiating state, it shall cause the copies to be sent to the state information agency or other proper official of the responding state, with a request that the agency or official forward them to the proper court and that the court of the responding state acknowledge their receipt to the initiating court.

Sec. 85. Minnesota Statutes 1988, section 518C.12, is amended to read:

**518C.12 [DUTY OF THE COURT AND THE PROSECUTING ATTORNEY OF THIS STATE AS RESPONDING STATE.]**

**Subdivision 1. [CENTRAL REGISTRY.]** *The central registry shall receive filings under title IV-D of the federal Social Security Act, as amended, from the initiating state and shall transmit the filings to the local public authority. The local public authority shall promptly submit the documents to the court administrator.*

**Subd. 1a. [DOCKETING CASE.]** After the responding court receives copies of the petition, the certificate and the substantially similar reciprocal act from the initiating court, the court administrator of the court shall docket the case and notify the prosecuting attorney of the action.

**Subd. 2. [PROSECUTION OF CASE.]** The prosecuting attorney shall prosecute the case diligently, taking all action necessary in accordance with the laws of this state to enable the court to obtain jurisdiction over the obligor or the obligor's property and shall request the court to set a time and place for a hearing and give notice thereof to the obligor in accordance with law.

**Subd. 3. [INVESTIGATION BY PROSECUTING ATTORNEY.]** The prosecuting attorney, on personal initiative, shall use all means available to locate the obligor or the obligor's property, and if, because of inaccuracies in the petition or otherwise, the court cannot obtain jurisdiction, the prosecuting attorney shall inform the court of action taken and request the court to continue the case pending receipt of more accurate information or an amended petition from the initiating court.

**Subd. 4. [OBLIGOR LOCATED IN ANOTHER COUNTY OR STATE.]** If the obligor or the obligor's property is not found in the county, and the prosecuting attorney discovers that the obligor or the obligor's property may be found in another county of this state, or another state, the attorney shall so inform the court. Thereupon, the court administrator shall forward the documents received from the court in the initiating state to a court in the other county, or to a court in the other state, or to the information agency or other proper official of the other state, with a request that the documents be forwarded to the proper court. All powers and duties provided by sections 518C.01 to 518C.36 apply to the recipient of the documents so forwarded. If the court administrator of this state forwards documents to another court, the court administrator shall forthwith notify the initiating court.

Subd. 5. [NO INFORMATION.] If the prosecuting attorney has no information as to the location of the obligor or the obligor's property the attorney shall so inform the initiating court.

Sec. 86. Minnesota Statutes 1988, section 518C.27, subdivision 1, is amended to read:

Subdivision 1. [DUTIES OF RESPONDING COURT.] A responding court has the following duties that shall be carried out through the public authority responsible for support enforcement:

(1) *according to the requirements of the initiating court, to collect and transmit to the initiating court, designated collection unit, county of the obligee's residence, or the obligee under section 518.551, subdivision 1, a payment made by the obligor pursuant to an order of the court or otherwise; and*

(2) *to furnish to the initiating court, upon request, a certified statement of each payment made by the obligor.*

Sec. 87. Laws 1989, chapter 338, section 11, is amended to read:

Sec. 11. [OIL OVERCHARGE MONEY; APPROPRIATION.]

~~Subdivision 1. [LIMITATION.] The money appropriated by this section is money received by the state, or to be made available to the state in the future, as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations that is not otherwise appropriated by law or dedicated by court order.~~

Subd. 2. [ENERGY RELATED PROJECTS.] \$3,100,000 of the ~~money specified in subdivision 1~~ *oil overcharge money, as defined in Minnesota Statutes, section 4.071, is appropriated for transfer to the housing development fund for home energy loans. Of that amount, \$2,200,000 must be made available as soon as federal approval is received. The balance must be made available from money received later in the fiscal years ending June 30, 1990, and June 30, 1991.*

*Subd. 2a. [ENERGY CONSERVATION PROJECTS.] \$6,000,000 of oil overcharge money, as defined in Minnesota Statutes, section 4.071, is appropriated to the commissioner of jobs and training for energy conservation projects that directly serve low-income Minnesotans. \$50,000 of this appropriation must be transferred to the commissioner of administration to administer the oil overcharge funds for the fiscal year ending June 30, 1991. Of the total appropriation, \$4,500,000 must be made available as soon as federal approval is received. The balance must be made available from money received later in the fiscal years ending June 30, 1990, and June 30, 1991. If the amount received by June 30, 1991, is not sufficient to fully fund all appropriations of oil overcharge money to that date, this appropriation is reduced to the amount that can be fully funded with those receipts.*

~~Subd. 3. [OTHER PROJECTS.] One half of the remainder of the money specified in subdivision 1 must be appropriated to the commissioner of jobs and training for energy conservation projects that directly serve low-income Minnesotans. Money appropriated under subdivision 2 and under this subdivision is not governed by Minnesota Statutes, section 4.071, and is available until spent.~~

Sec. 88. [PRENATAL CARE AND PREVENTIVE CARE FOR

## CHILDREN.]

*The commissioner of health, in consultation with the commissioner of human services, the commissioner of state planning, and the commissioner of education, shall prepare a state plan to improve utilization rates of medically appropriate prenatal care and preventive care for children. The plan must address at least the following issues: (1) methods of addressing barriers such as the need for child care and transportation; (2) techniques for improving public awareness of the need for prenatal care and preventive care, both statewide and within high-risk target populations; and (3) strategies for overcoming cultural factors that may discourage minority populations from obtaining medically appropriate prenatal care and preventive care. To the extent possible, the commissioner shall identify methods of improving access and utilization rates that would not require a significant increase in legislative appropriations, such as reallocation of existing money, coordination and increased efficiency of existing programs, techniques for generating private contributions or federal money, and increased use of volunteers and donated services and facilities. The commissioner shall also include in the plan an analysis of the extent to which improved utilization rates, both statewide and within target populations, could result in cost savings in the medical assistance program, the general assistance medical care program, and the children's health plan. The commissioner shall present the plan to the governor and the legislature by December 15, 1990. It is the intent of the legislature to enact legislation to implement the plan during the 1991 session.*

**Sec. 89. [CHILD SUPPORT JUDGMENT BY OPERATION OF LAW; APPLICATION.]**

*Minnesota Statutes, section 548.091, subdivision 1a, applies retroactively to any child support arrearage that accrued before August 1, 1988, except that no arrearage may be docketed under Minnesota Statutes, section 548.091, subdivision 2a, if the arrearage is more than ten years past due at the time of docketing.*

**Sec. 90. [STUDIES AND PLANS RELATING TO CHEMICAL DEPENDENCY TREATMENT.]**

*Subdivision 1. [TREATMENT PROGRAM ACCOUNTABILITY.] The commissioner of human services shall develop standards to provide increased accountability for chemical dependency treatment programs. The commissioner shall work in conjunction with treatment providers and clinicians. The commissioner shall report the results of this work to the legislature by January 1, 1992.*

*Subd. 2. [AFTERCARE SERVICES STUDY.] The commissioner of human services shall study funding and licensing options for providing aftercare services to high-risk or special need populations including, but not limited to, women, minorities, and adult and juvenile offenders. The commissioner shall present the results of this study and recommendations to the legislature by January 1, 1991.*

*Subd. 3. [INDIAN YOUTH TREATMENT PLANNING.] The commissioner of human services shall develop a plan for the establishment of one or more treatment programs specializing in chemically dependent Indian youth. The commissioner shall involve diverse members of the Indian community in conducting this assessment and shall present recommendations to the legislature by January 1, 1991.*

*Subd. 4. [AFRICAN AMERICAN YOUTH TREATMENT PLANNING.] The commissioner of human services shall develop a plan for a program in the Summit-University area of St. Paul to address the culturally-based drug prevention, treatment, and aftercare needs of high-risk youth. The commissioner shall involve existing neighborhood and governmental agencies in developing the plan and shall present recommendations to the legislature by January 1, 1991.*

**Sec. 91. [CHEMICAL DEPENDENCY RULES.]**

*Subdivision 1. [RULE AMENDMENT.] The commissioner shall, by emergency rulemaking, amend Minnesota Rules, parts 9530.6600 to 9530.7030, in order to contain costs and increase collections for the consolidated chemical dependency treatment fund. The amendment must establish criteria that will:*

*(1) increase the use of outpatient treatment for individuals who can abstain from mood-altering chemicals long enough to benefit from outpatient treatment;*

*(2) increase the use of outpatient treatment in combination with primary residential treatment;*

*(3) increase the use of long-term treatment programs for individuals who are not likely to benefit from primary residential treatment; and*

*(4) limit the repeated use of residential placements for individuals who have been shown not to benefit from residential placements, including long-term residential treatment.*

*Subd. 2. [VENDOR COLLECTIONS; RULE AMENDMENT.] The commissioner may amend Minnesota Rules, parts 9530.7000 to 9530.7025, to require a vendor of chemical dependency transitional and extended care rehabilitation services to collect the cost of care received under a program from an eligible person who has been determined to be partially responsible for treatment costs, and to remit the collections to the commissioner. The commissioner shall pay to a vendor, for the collections, an amount equal to five percent of the collections remitted to the commissioner by the vendor. The amendment may be adopted under the emergency rulemaking provisions of sections 14.29 to 14.36.*

**Sec. 92. [TASK FORCE ON COMPENSATION FOR DIRECT CARE EMPLOYEES.]**

*The commissioner of human services, in consultation with the commissioner of employee relations, shall establish a task force on the compensation and training of direct care employees. The purpose of the task force is to address staff turnover, recruitment, and training in order to have a significant number of qualified people working in programs that provide direct care services to individuals. Programs include intermediate care facilities for persons with mental retardation, semi-independent living services, day training and habilitation, waived services, supported employment, rehabilitation facilities, services for persons with mental illness, child care, and chemical dependency. Members of the task force shall be appointed by the commissioner. Task force membership shall consist of at least one representative from the department of human services, the department of employee relations, the department of jobs and training, and the department of health, advocates, direct care staff from unionized and nonunionized facilities, providers, collective bargaining representatives, and*



*representatives from institutions of post-secondary education, metro and greater Minnesota counties, and the governor's council on developmental disabilities. The task force shall submit a report to the commissioner by November 1, 1990, that includes recommendations on the following:*

*(1) entry and promotional level wage ranges for various job classifications which reduce wage and benefit inequities between community and state-operated facilities and services;*

*(2) implementation of wage and benefit increases over a four-year period to ensure that wages and benefits are brought up to a level competitive within the community marketplace;*

*(3) mechanisms to link wage increases to initial training, continuing education, and competency;*

*(4) recruitment and retention of qualified staff; and*

*(5) the impact of making adjustments pursuant to complying with United States Code, title 29, section 157 (Supp. 1988), and Minnesota Statutes, sections 179.16 and 179A.12.*

*By January 15, 1991, the commissioner shall submit the report and recommended legislation to implement the report to the chairs of the house of representatives and senate health and human services committees.*

**Sec. 93. [REPORT ON METHODS OF COORDINATING SOCIAL WORK AND MENTAL HEALTH BOARDS.]**

*(a) The commissioner of health shall convene an interagency task force consisting of health department staff and representatives from the commissioner of human services and the boards of social work, marriage and family therapy, unlicensed mental health service providers, medical examiners, nursing, and psychology to study the current system of monitoring and regulating both licensed and unlicensed individuals who practice mental health counseling, psychotherapy, psychiatry, psychiatric nursing, social work, professional counseling, chemical dependency counseling, and similar activities. The task force shall make recommendations for improving coordination, administrative efficiency, and effectiveness of the activities of the department of health and the boards that monitor and regulate these social work and mental health occupations and professions. The task force shall solicit and consider the comments and recommendations of affected individuals, associations, and government agencies. In developing its recommendations, the task force shall consider:*

*(1) methods of monitoring or regulating unlicensed practitioners and whether this activity should be administered by the health department, an independent administrative agency, a board, or another entity;*

*(2) a surcharge on license fees of all social work and mental health boards to finance the monitoring or regulation of unlicensed practitioners;*

*(3) methods of coordinating the various systems for accepting and investigating complaints;*

*(4) coordinated information systems to identify individuals who have been denied a license or have been subject to disciplinary action by another licensing board or agency; and*

*(5) other relevant issues identified by the task force.*

*(b) The commissioner of health shall report to the legislature by December 1, 1990, with the results of the study and the recommendations of the task force.*

Sec. 94. [EXEMPTION.]

*For the biennium ending June 30, 1991, the board of unlicensed mental health service providers is exempt from Minnesota Statutes, sections 16A.128, subdivision 1, and 214.06, subdivision 1.*

Sec. 95. [COMPREHENSIVE REVIEW OF THE STATE EMERGENCY MEDICAL SERVICE SYSTEM.]

*The commissioner of health shall conduct a comprehensive assessment of all aspects of the emergency medical service system in Minnesota. This assessment must include an inventory of current service capabilities by emergency medical service regions and an examination of the effectiveness of the present administrative structure for emergency medical services, actual or potential gaps in services or coverage, funding needs, problems in service coordination and administration, and the capabilities and availability of hospital emergency services. The assessment must also include a study of the role of air ambulances and their coordination with and impact on local ambulance services. The commissioner shall present this assessment and provide recommendations to the legislature by January 1, 1992.*

Sec. 96. [MEDICAL SCHOOL GRADUATES.]

*The commissioner of health shall encourage efforts by the University of Minnesota medical school, the Mayo medical school, and the University of Minnesota-Duluth medical school to develop and implement plans to increase the number of medical school graduates practicing in nonmetropolitan areas. The commissioner shall meet regularly with the administrators of the three medical schools to obtain information on progress toward this goal.*

Sec. 97. [STUDY OF MEDICAL ASSISTANCE REIMBURSEMENT FOR RURAL PHYSICIANS.]

*The commissioner of human services shall examine methods to increase medical assistance reimbursement to medical doctors and doctors of osteopathy. The commissioner may consider selective reimbursement increases for the following primary care services as defined by the commissioner by the appropriate current procedure terminology (CPT): preventive care, office visits, maternity and delivery services, and pediatric immunization, and may consider other changes in medical assistance reimbursement designed to target reimbursement increases to medical doctors and doctors of osteopathy providing primary care services. The commissioner shall present recommendations to the legislature by January 15, 1991.*

Sec. 98. [RURAL HEALTH PROFESSIONALS STUDY.]

*The commissioner of health shall conduct an examination of the critical shortage of health care professionals experienced by rural areas. The study may consider, at a minimum, the following:*

- (1) distribution of health care professionals;*
- (2) geographic distribution of educational programs;*
- (3) recruitment and retention programs;*

- (4) regulatory barriers;
- (5) impediments caused by additional professional requirements;
- (6) appropriate education and training programs directed to rural health care; and
- (7) competition from other health care providers, especially those located in urban settings providing similar services.

*In conducting the study, the commissioner shall consult with rural health care providers, hospitals, and higher education institutions. The commissioner shall require state health care professional licensing boards to submit data upon request to the department by July 1 for each preceding calendar year. The commissioner must report the findings and present recommendations to relieve current and projected health care professional shortages in different areas of the state, to the legislature by February 1, 1991.*

**Sec. 99. [TRANSFER OF FUNDS.]**

*All money raised under section 100, through the license renewal surcharges for registered nurses and licensed practical nurses shall be transferred each year from the board of nursing to the higher education coordinating board for the purposes of the nursing grant programs for licensed practical nurses and registered nurses, provided in Senate File 2618, article 5, sections 3 and 4, and shall be available until expended.*

**Sec. 100. [FUNDING FOR NURSING GRANTS.]**

*Subdivision 1. [REGISTERED NURSE FUNDING.] (a) The nursing grant program shall be funded by a \$5.50 fee on each registration renewal of registered nurses as provided under Minnesota Statutes, section 148.231, unless the applicant specifically indicates on the renewal form that the applicant does not wish to participate in the funding of this program. The board of nursing shall transfer all money received under this subdivision, less an amount sufficient to pay the costs of administering the program not to exceed 12 percent of the fee collected under this subdivision, to the higher education coordinating board on a quarterly basis. This money is available until expended by the higher education coordinating board. By January 1, 1991, and each subsequent year, the board of nursing shall provide an estimate to the higher education coordinating board of the amount of money that may be available each year based on the number of anticipated registration renewals in that year.*

*(b) Notwithstanding paragraph (a), up to the first \$11,000 of fees collected under this subdivision may be used to program the board of nursing's computer system for purposes of administering this section.*

*Subd. 2. [LICENSED PRACTICAL NURSE FUNDING.] (a) The nursing grant program shall be funded by a \$5.50 fee on each registration renewal of licensed practical nurses as provided under Minnesota Statutes, section 148.231, unless the applicant specifically indicates on the renewal form that the applicant does not wish to participate in the funding of this program. The board of nursing shall transfer all money received under this subdivision, less an amount sufficient to pay the costs of administering the program not to exceed 12 percent of the fee collected under this subdivision, to the higher education coordinating board on a quarterly basis. This money is available until expended by the higher education coordinating board. By January 1, 1991, and each subsequent year, the board of nursing*

*shall provide an estimate to the higher education coordinating board of the amount of money that may be available each year based on the number of anticipated registration renewals in that year.*

*(b) Notwithstanding paragraph (a), up to the first \$6,000 of fees collected under this subdivision may be used to program the board of nursing's computer system for purposes of administering this section.*

**Sec. 101. [SPECIAL REPORT ON THE CONSOLIDATED CHEMICAL DEPENDENCY TREATMENT FUND.]**

*The commissioner of human services shall report to the legislature by February 1, 1991, on plans for implementing the changes in operation of the chemical dependency consolidated treatment fund required by section 59.*

**Sec. 102. [DAY-FINES.]**

*Subdivision 1. [MODEL SYSTEM.] By June 1, 1991, the sentencing guidelines commission shall develop a model day-fine system. Each judicial district must adopt either the model system or its own day-fine system by January 1, 1992.*

*Subd. 2. [COMPONENTS.] A day-fine system adopted under this section must provide for a two-step sentencing procedure for those receiving a fine as part of a probationary felony sentence. In the first step, the court determines how many punishment points a person will receive, taking into account the severity of the offense and the criminal history of the offender. The second step is to multiply the punishment points by a factor that accounts for the offender's financial circumstances. The goal of the system is to provide a fine that is proportional to the seriousness of the offense and largely equal in impact among offenders with different financial circumstances. The system may provide for community service in lieu of fines for offenders whose means are so limited that the payment of a fine would be unlikely.*

**Sec. 103. [REPEALER.]**

*Laws 1989, chapter 338, section 11, subdivisions 1 and 3, are repealed.*

**Sec. 104. [EFFECTIVE DATES.]**

*Subdivision 1. [VOLUNTARY AND INVOLUNTARY RECEIVERSHIP.] Sections 48 and 49 are effective the day following final enactment.*

*Subd. 2. [SEAT BELT REQUIREMENTS.] Sections 54 and 55 are effective the day following final enactment.*

*Subd. 3. [CHEMICAL DEPENDENCY.] Sections 57, 58, 60, 90, and 91 are effective the day following final enactment. Section 59 is effective July 1, 1991.*

*Subd. 4. [PATERNITY ACTIONS.] Section 65 is effective the day following final enactment and applies to actions brought after January 1, 1986, except that section 65 does not bar an action by a presumed father who discovered the birth of the child within two years before the effective date of section 65 if the action is brought within one year after the effective date.*

*Subd. 5. [CHILD SUPPORT.] Sections 61 and 72 are effective the day following final enactment. Section 62 is effective July 1, 1990, and applies to coverage identified or enforced on or after that date.*

*Subd. 6. [WHOLESALE DRUG DISTRIBUTORS; LICENSING.] Sections 18 to 29 are effective on January 1, 1991.*

*Subd. 7. [OIL OVERCHARGE MONEY; ENERGY CONSERVATION.] Sections 1, subdivision 1; 87; and 103 are effective the day following final enactment. Section 1, subdivisions 2 and 3, are effective July 1, 1991.*

*Subd. 8. [LOCATION OF RESIDENTIAL PROGRAMS.] Section 47 is effective the day following final enactment.*

### ARTICLE 3

#### HEALTH CARE PROGRAMS

Section 1. Minnesota Statutes 1988, section 13.46, subdivision 5, is amended to read:

*Subd. 5. [MEDICAL DATA; CONTRACTS.] Data relating to the medical, psychiatric, or mental health of any individual, including diagnosis, progress charts, treatment received, case histories, and opinions of health care providers, that is collected, maintained, used, or disseminated by any agency to the welfare system is private data on individuals and will be available to the data subject, unless the private health care provider has clearly requested in writing that the data be withheld pursuant to section 144.335. Data on individuals that is collected, maintained, used, or disseminated by a private health care provider under contract to any agency of the welfare system is private data on individuals, and is subject to the provisions of sections 13.02 to 13.07 and this section, except that the provisions of section 13.04, subdivision 3, shall not apply. Access to medical data referred to in this subdivision by the individual who is the subject of the data is subject to the provisions of section 144.335. Access to information that is maintained by the public authority responsible for support enforcement and that is needed to enforce medical support is subject to the provisions of section 518.171.*

#### Sec. 2. [62A.62] [DEMONSTRATION PROJECT.]

*Subdivision 1. [ESTABLISHMENT.] The commissioner shall establish demonstration projects to allow health insurers regulated under this chapter and nonprofit health service plan corporations regulated under chapter 62C to extend coverage for health and services to individuals or groups currently unable to afford such coverage. For purposes of this section, the commissioner may recommend legislation granting an exemption from minimum benefits required under chapter 62A, and any applicable rules if there is reasonable evidence that the rules prohibit the operation of the demonstration project. The commissioner shall provide for public comment before recommending an exemption from any statute or rule.*

*Subd. 2. [APPLICATION AND APPROVAL.] An insurer or health service plan corporation electing to participate in a demonstration project shall apply to the commissioner for approval on a form developed by the commissioner. The application shall include at least the following:*

*(1) a statement identifying the population that the project is designed to serve;*

*(2) a description of the proposed project including a statement projecting a schedule of costs and benefits for the enrollee;*

*(3) reference to the sections of Minnesota Statutes and department of commerce rules for which waiver is requested;*

(4) evidence that application of the requirements of applicable Minnesota Statutes and department of commerce rules would, unless waived, prohibit the operation of the demonstration project;

(5) an estimate of the number of years needed to adequately demonstrate the project's effects; and

(6) other information the commissioner may reasonably require.

*Subd. 3. [COMMISSIONER'S REVIEW OF APPLICATION FOR DEMONSTRATION PROJECT.] The commissioner shall approve, deny, or refer back to the insurer or health service plan corporation for modification, the application for a demonstration project within 60 days of receipt from the insurer or health service plan corporation. If the commissioner approves a project that requires legislation exempting the project from minimum benefit requirements, the commissioner shall make the approval contingent on enactment of the required legislation.*

*Subd. 4. [LENGTH OF PROJECT.] The commissioner may approve an application for a demonstration project for a maximum of six years, with an option to renew.*

*Subd. 5. [REPORT REQUIRED.] Each insurer or health service plan corporation for which a demonstration project is approved shall annually file a report with the commissioner summarizing the project's experience at the same time it files its annual report. The report shall be on a form developed by the commissioner and shall be separate from the annual report.*

*Subd. 6. [APPROVAL MAY BE RESCINDED.] The commissioner may rescind approval of a demonstration project if the commissioner finds that the project's operation is contrary to the information contained in the approved application.*

*Subd. 7. [APPLICABILITY.] This section does not apply to the demonstration project established under section 256B.73.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 144.50, subdivision 6, is amended to read:

*Subd. 6. [SUPERVISED LIVING FACILITY LICENSES.] (a) 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.*

*(b) Class B supervised living facilities for six or less persons seeking medical assistance certification as an intermediate care facility for persons with mental retardation or related conditions shall be classified as follows for purposes of the state building code:*

*(1) Class B supervised living facilities for six or less persons must meet Group R, Division 3, occupancy requirements; and*

*(2) Class B supervised living facilities for seven to 16 persons must meet Group R, Division 1, occupancy requirements.*

*(c) Class B facilities classified under paragraph (b), clauses (1) and (2), must meet Group R, Division 3, occupancy requirements of the state building code; the fire protection provisions of chapter 21 of the 1985 life safety code, NFPA 101, for facilities housing persons with impractical*

evacuation capabilities, ~~and~~ *except that Class B facilities licensed prior to the effective date of this section need only continue to meet institutional fire safety provisions. Class B supervised living facilities shall provide the necessary physical plant accommodations to meet the needs and functional disabilities of the residents. For Class B supervised living facilities licensed after the effective date of this section and housing nonambulatory or non-mobile persons, the corridor access to bedrooms, common spaces, and other resident use spaces must be at least five feet in clear width, except that a waiver may be requested in accordance with Minnesota Rules, part 4665.0600.*

Sec. 4. Minnesota Statutes 1988, section 144A.073, is amended by adding a subdivision to read:

*Subd. 3a. [EXTENSION OF APPROVAL OF A PROJECT REQUIRING AN EXCEPTION TO THE NURSING HOME MORATORIUM.] Notwithstanding subdivision 3, a construction project that was approved by the commissioner under the moratorium exception approval process in this section prior to February 1, 1990, may be commenced more than 12 months after the date of the commissioner's approval but no later than July 1, 1992.*

Sec. 5. Minnesota Statutes 1989 Supplement, 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. *The education programs must include a campaign to promote breast feeding;*

(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~~ *a system that will to reduce the cost of nutritional supplements so that by October 1, 1988, additional mothers and children will be served and maintain ongoing negotiations with nonparticipating manufacturers and suppliers to maximize cost savings;*

(g) Develop, analyze, and evaluate the health aspects of the nutritional supplement program and establish nutritional guidelines for the program;

(h) Apply for, administer, and annually expend at least 99 percent of available federal or private funds;

(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;

(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;

(k) Promulgate all rules necessary to carry out the provisions of sections 145.891 to 145.897;

(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; and

(m) Ensure that any state appropriation to supplement the federal program is spent consistent with federal requirements.

Sec. 6. Minnesota Statutes 1988, 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 *according to this subdivision and subdivision 1a* by October 1 of each even-numbered year. Copies of the reports shall be delivered to the legislature in accordance with section 3.195, and to the governor. 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. 7. Minnesota Statutes 1988, section 214.07, is amended by adding a subdivision to read:

*Subd. 1a.* [REPORT REQUIREMENT FOR BOARD OF MEDICAL EXAMINERS AND BOARD OF NURSING.] *The board of medical examiners and the board of nursing shall include in the report required under subdivision 1, clause (o), specific information regarding complaints and communications involving obstetrics, gynecology, prenatal care, and delivery, and the boards' responses or dispositions.*

Sec. 8. Minnesota Statutes 1989 Supplement, section 252.46, subdivision 1, is amended to read:

Subdivision 1. [~~RATES FOR CALENDAR YEARS 1989 AND 1990.~~] Payment rates to vendors, except regional centers, for county-funded day training and habilitation services and transportation provided to persons receiving day training and habilitation services established by a county board ~~for calendar years 1989 and 1990~~ are governed by subdivisions 2 to ~~40~~ 11.

“Payment rate” as used in subdivisions 2 to ~~40~~ 11 refers to three kinds of payment rates: a full-day service rate for persons who receive at least six service hours a day, including the time it takes to transport the person to and from the service site; a partial-day service rate that must not exceed 75 percent of the full-day service rate for persons who receive less than a full day of service; and a transportation rate for providing, or arranging and paying for, transportation of a person to and from the person's residence to the service site.

Sec. 9. Minnesota Statutes 1989 Supplement, section 252.46, subdivision 2, is amended to read:

Subd. 2. [~~1989 AND 1990 RATE MINIMUM.~~] Unless a variance is

granted under subdivision 6, the minimum payment rates set by a county board for each vendor ~~for calendar years 1989 and 1990~~ must be equal to the payment rates approved by the commissioner for that vendor in effect January 1, 1988, ~~and January 1, 1989, respectively of the previous calendar year.~~

Sec. 10. Minnesota Statutes 1989 Supplement, section 252.46, subdivision 3, is amended to read:

Subd. 3. [~~1989 AND 1990 RATE MAXIMUM.~~] Unless a variance is granted under subdivision 6, the maximum payment rates for each vendor ~~for calendar years 1989 and 1990~~ a calendar year must be equal to the payment rates approved by the commissioner for that vendor in effect December 1, 1988, ~~and December 1, 1989, respectively, of the previous calendar year~~ increased by no more than the projected percentage change in the urban consumer price index, all items, published by the United States Department of Labor, for the upcoming calendar year over the current calendar year.

Sec. 11. Minnesota Statutes 1989 Supplement, section 252.46, subdivision 4, is amended to read:

Subd. 4. [NEW VENDORS.] Payment rates established by a county ~~for calendar years 1989 and 1990~~, for a new vendor for which there were no previous rates must not exceed 125 percent of the average payment rates in the regional development commission district under sections 462.381 to 462.396 in which the new vendor is located. *When at least 50 percent of the persons to be served by the new vendor are persons discharged from a regional treatment center on or after January 1, 1990, the recommended payment rates for the new vendor shall not exceed twice the current state-wide average payment rates.*

*For purposes of this subdivision, persons discharged from the regional treatment center do not include persons who received temporary care under section 252A.111, subdivision 3.*

Sec. 12. Minnesota Statutes 1989 Supplement, section 252.46, subdivision 12, is amended to read:

Subd. 12. [RATES ESTABLISHED AFTER 1990.] *Unless a variance is granted under subdivision 6, payment rates established by a county for calendar year 1990 and which are in effect December 31, 1990, remain in effect until June 30, 1991. Payment rates established by a county board to be paid to a vendor on or after January July 1, 1991, must be determined under permanent rules adopted by the commissioner. Until permanent rules are adopted, the payment rates must be determined according to subdivisions 1 to 11 except for the period from July 1, 1991, through December 31, 1991, when the increase determined under subdivision 3 must not exceed the projected percentage change in the urban consumer price index, all items, published by the United States Department of Labor, for the current calendar year over the previous calendar year. No county shall pay a rate that is less than the minimum rate determined by the commissioner.*

In developing procedures for setting minimum payment rates and procedures for establishing payment rates, the commissioner shall consider the following factors:

- (1) a vendor's payment rate and historical cost in the previous year;
- (2) current economic trends and conditions;

(3) costs that a vendor must incur to operate efficiently, effectively and economically and still provide training and habilitation services that comply with quality standards required by state and federal regulations;

(4) increased liability insurance costs;

(5) costs incurred for the development and continuation of supported employment services;

(6) cost variations in providing services to people with different needs;

(7) the adequacy of reimbursement rates that are more than 15 percent below the statewide average; and

(8) other appropriate factors.

The commissioner may develop procedures to establish differing hourly rates that take into account variations in the number of clients per staff hour, to assess the need for day training and habilitation services, and to control the utilization of services.

In developing procedures for setting transportation rates, the commissioner may consider allowing the county board to set those rates or may consider developing a uniform standard.

Medical assistance rates for home and community-based services provided under section 256B.501 by licensed vendors of day training and habilitation services must not be greater than the rates for the same services established by counties under sections 252.40 to 252.47.

Sec. 13. [252.478] [METRO TRANSPORTATION SUPPORT GRANTS.]

*Subdivision 1. [ESTABLISHMENT OF PROGRAM.] The commissioner of human services shall establish and operate a metro transportation support grants program to provide reimbursement for client transportation by metro mobility to day training and habilitation services for which client transportation is a required and funded component, and to maximize use of federal funds for this reimbursement. A metro transportation support grants account shall be established in the department of human services chart of accounts.*

*Subd. 2. [RATES.] Costs of transportation to and from a day training and habilitation service agency must be a part of the payment rate established for each day training and habilitation services agency.*

*The commissioner may approve payment rates for day training and habilitation services that exceed the limits in Minnesota Statutes, section 252.46, subdivision 6, for vendors whose transportation costs increase as a result of action taken by the regional transit board under Laws of Minnesota 1988, chapter 684, article 2, section 3, or Laws of Minnesota 1989, chapter 269, section 35, or Minnesota Statutes, section 473.386, subdivision 4.*

*Subd. 3. [COUNTY SHARE.] The county share of the metro transportation support grants program costs will be distributed by the department to all metropolitan counties from the metro transportation support grants account. For state fiscal year 1991, the funds transferred from the regional transit board to this account shall be distributed to: Ramsey county, 48 percent; Hennepin county, 46 percent; Dakota county, five percent; and Anoka county, one percent. For subsequent fiscal years, funds shall be distributed annually based on each county's percentage of total expenses*

*incurred for trips provided on metro mobility to and from day training and habilitation services during the preceding 12-month period. Counties should deposit these funds into the program accounts that will incur the transportation expenses.*

Sec. 14. Minnesota Statutes 1989 Supplement, section 256.936, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section the following terms shall have the meanings given them:

(a) "Eligible persons" means children who are one year of age or older but less than 18 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. 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 18 years old.

(b) "Covered services" means children's health services.

(c) "Children's health services" means the health services reimbursed under chapter 256B, with the exception of inpatient hospital services, special education 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, *inpatient mental health services, outpatient mental health services in excess of \$1,000 per enrolled child per 12-month eligibility period,* and chemical dependency services. *Outpatient mental health services covered under the children's health plan are limited to diagnostic assessments, psychological testing, explanation of findings, and individual, family, and group psychotherapy.*

(d) "Eligible providers" means those health care providers who provide children's health services to medical assistance recipients 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.

(e) "Commissioner" means the commissioner of human services.

(f) "Gross family income" for farm and nonfarm self-employed means income calculated using as the baseline the adjusted gross income reported on the applicant's federal income tax form for the previous year and adding back in reported depreciation, carryover loss, and net operating loss amounts that apply to the business in which the family is currently engaged. Applicants shall report the most recent financial situation of the family if it has changed from the period of time covered by the federal income tax form. The report may be in the form of percentage increase or decrease.

Sec. 15. [256.9365] [PURCHASE OF CONTINUATION COVERAGE FOR AIDS PATIENTS.]

*Subdivision 1. [PROGRAM ESTABLISHED.] The commissioner of human services shall establish a program to pay private health plan premiums for persons who have contracted human immunodeficiency virus (HIV) to enable them to continue coverage under a group or individual health plan. If a person is determined to be eligible under subdivision 2, the commissioner shall pay the eligible person's group plan continuation coverage*

*premium for 18 months after termination of employment, or pay the eligible person's individual plan premium for 24 months after initial application.*

*Subd. 2. [ELIGIBILITY REQUIREMENTS.] To be eligible for the program, an applicant must satisfy the following requirements:*

*(1) the applicant must provide a physician's statement verifying that the applicant is infected with HIV and is, or within three months is likely to become, too ill to work in the applicant's current employment because of HIV-related disease;*

*(2) the applicant's monthly gross family income must not exceed 300 percent of the federal poverty guidelines, after deducting medical expenses and insurance premiums;*

*(3) the applicant must not own assets with a combined value of more than \$25,000;*

*(4) if applying for payment of group plan premiums, the applicant must be covered by an employer's or former employer's group insurance plan and be eligible to purchase continuation coverage; and*

*(5) if applying for payment of individual plan premiums, the applicant must be covered by an individual health plan whose coverage and premium costs satisfy additional requirements established by the commissioner in rule.*

*Subd. 3. [RULES.] The commissioner shall establish rules as necessary to implement the program. Special requirements for the payment of individual plan premiums under subdivision 2, clause (5), must be designed to ensure that the state cost of paying an individual plan premium over a two-year period does not exceed the estimated state cost that would otherwise be incurred in the medical assistance program.*

Sec. 16. Minnesota Statutes 1989 Supplement, section 256.969, subdivision 2c, is amended to read:

Subd. 2c. [PROPERTY PAYMENT RATES.] For each hospital's first two consecutive fiscal years beginning on or after July 1, 1988, the commissioner shall limit the annual increase in property payment rates for depreciation, rents and leases, and interest expense to the annual growth in the hospital cost index derived from the methodology in effect on the day before July 1, 1989. When computing budgeted and settlement property payment rates, the commissioner shall use the annual increase in the hospital cost index forecasted by Data Resources, Inc., consistent with the quarter of the hospital's fiscal year end. For admissions occurring on or after *the rate year beginning* January 1, 1991, the commissioner shall obtain property data from an updated base year and establish property payment rates per admission for each hospital. Property payment rates shall be derived from data from the same base year that is used to establish operating payment rates. The property information shall include cost categories not subject to the hospital cost index and shall reflect the cost-finding methods and allowable costs of the Medicare program in effect during the base year. The property payment rate per admission shall be adjusted for positive percentage change differences in the net book value of hospital property and equipment by increasing the property payment rate per admission 85 percent of the percentage change from the base year through the most recent year ending prior to the rate year for which required information is available. The percentage change shall be derived from equivalent audited information

in both years and shall be adjusted to account for changes in generally accepted accounting principles, reclassification of assets, allocations to nonhospital areas, and fiscal years. The cost, audit, and charge data used to establish property rates shall only reflect inpatient services covered by medical assistance and shall not include operating cost information. To be eligible for the property payment rate per admission adjustment, the hospital must provide the necessary information to the commissioner, in a format specified by the commissioner, by the October 1 preceding the rate year. The commissioner shall adjust rates for the rate year beginning January 1, 1991, to ensure that all hospitals are subject to the hospital cost index limitation for two complete years.

Sec. 17. Minnesota Statutes 1989 Supplement, section 256.969, subdivision 6a, is amended to read:

Subd. 6a. [SPECIAL CONSIDERATIONS.] (a) In determining the payment rates, the commissioner shall consider whether the following circumstances exist:

(1) [MINIMAL MEDICAL ASSISTANCE USE.] Minnesota hospitals with 30 or fewer annualized admissions of Minnesota medical assistance recipients in the base year, excluding Medicare crossover admissions, may have the base year operating rates, as adjusted by the case mix index, and property payment rates established at the 70th percentile of hospitals in the peer group in effect during the base year as established by the Minnesota department of health for use by the rate review program. Rates within a peer group shall be adjusted for differences in fiscal years and outlier percentage payments before establishing the 70th percentile. The operating payment rate portion of the 70th percentile shall be adjusted by the hospital cost index. To have rates established under this paragraph, the hospital must notify the commissioner in writing by November 1 of the year preceding the rate year. This paragraph shall be applied to all payment rates of the affected hospital.

(2) [UNUSUAL COST OR LENGTH OF STAY EXPERIENCE.] The commissioner shall establish day and cost outlier thresholds for each diagnostic category established under subdivision 2 at two standard deviations beyond the geometric mean length of stay or allowable cost. Payment for the days and cost beyond the outlier threshold shall be in addition to the operating and property payment rates per admission established under subdivisions 2, 2b, and 2c. Payment for outliers shall be at 70 percent of the allowable operating cost calculated by dividing the operating payment rate per admission, after adjustment by the case mix index, hospital cost index, relative values and the disproportionate population adjustment, by the arithmetic mean length of stay for the diagnostic category. The outlier threshold for neonatal and burn diagnostic categories shall be established at one standard deviation beyond the geometric mean length of stay or allowable cost, and payment shall be at 90 percent of allowable operating cost calculated in the same manner as other outliers. A hospital may choose an alternative percentage outlier payment to a minimum of 60 percent and a maximum of 80 percent if the commissioner is notified in writing of the request by October 1 of the year preceding the rate year. The chosen percentage applies to all diagnostic categories except burns and neonates. The percentage of allowable cost that is unrecognized by the outlier payment shall be added back to the base year operating payment rate per admission. Cost outliers shall be calculated using hospital specific allowable cost data. If a stay is both a day and a cost outlier, outlier payments shall be based

on the higher outlier payment.

(3) [DISPROPORTIONATE NUMBERS OF LOW-INCOME PATIENTS SERVED.] For admissions occurring on or after July 1, 1989, the medical assistance disproportionate population adjustment shall comply with federal law at fully implemented rates. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For admissions occurring on or after *the rate year beginning* January 1, 1991, the disproportionate population adjustment shall be derived from base year Medicare cost report data and may be adjusted by data reflecting actual claims paid by the department.

(4) [SEPARATE BILLING BY CERTIFIED REGISTERED NURSE ANESTHETISTS.] Hospitals may exclude certified registered nurse anesthetist costs from the operating payment rate as allowed by section 256B.0625, subdivision 11. To be eligible, a hospital must notify the commissioner in writing by October 1 of the year preceding the rate year of the request to exclude certified registered nurse anesthetist costs. The hospital must agree that all hospital claims for the cost and charges of certified registered nurse anesthetist services will not be included as part of the rates for inpatient services provided during the rate year. In this case, the operating payment rate shall be adjusted to exclude the cost of certified registered nurse anesthetist services. Payments made through separate claims for certified registered nurse anesthetist services shall not be paid directly through the hospital provider number or indirectly by the certified registered nurse anesthetist to the hospital or related organizations.

(5) [SPECIAL RATES.] The commissioner may establish special rate-setting methodologies, including a per day operating and property payment system, for hospice, ventilator dependent, and other services on a hospital and recipient specific basis taking into consideration such variables as federal designation, program size, and admission from a medical assistance waiver or home care program. The data and rate calculation method shall conform to the requirements of paragraph (7), except that hospice rates shall not exceed the amount allowed under federal law and payment shall be secondary to any other medical assistance hospice program. Rates and payments established under this paragraph must meet the requirements of section 256.9685, subdivisions 1 and 2, and must not exceed payments that would otherwise be made to a hospital in total for rate year admissions under subdivisions 2, 2b, 2c, 3, 4, 5, and 6. The cost and charges used to establish rates shall only reflect inpatient medical assistance covered services. Hospital and claims data that are used to establish rates under this paragraph shall not be used to establish payments or relative values under subdivisions 2, 2b, 2c, 3, 4, 5, and 6.

(6) [REHABILITATION DISTINCT PARTS.] Units of hospitals that are recognized as rehabilitation distinct parts by the Medicare program shall have separate provider numbers under the medical assistance program for rate establishment and billing purposes only. These units shall also have operating and property payment rates and the disproportionate population adjustment established separately from other inpatient hospital services, based on the methods of subdivisions 2, 2b, 2c, 3, 4, 5, and 6. The commissioner may establish separate relative values under subdivision 2 for rehabilitation hospitals and distinct parts as defined by the Medicare program. For individual hospitals that did not have separate medical assistance rehabilitation provider numbers or rehabilitation distinct parts in the

base year, hospitals shall provide the information needed to separate rehabilitation distinct part cost and claims data from other inpatient service data.

(7) [NEONATAL TRANSFERS.] For admissions occurring on or after July 1, 1989, neonatal diagnostic category transfers shall have operating and property payment rates established at receiving hospitals which have neonatal intensive care units on a per day payment system that is based on the cost finding methods and allowable costs of the Medicare program during the base year. Other neonatal diagnostic category transfers shall have rates established according to paragraph (8). The rate per day for the neonatal service setting within the hospital shall be determined by dividing base year neonatal allowable costs by neonatal patient days. The operating payment rate portion of the rate shall be adjusted by the hospital cost index and the disproportionate population adjustment. The cost and charges used to establish rates shall only reflect inpatient services covered by medical assistance. Hospital and claims data used to establish rates under this paragraph shall not be used to establish payments or relative values under subdivisions 2, 2b, 2c, 3, 4, 5, and 6.

(8) [TRANSFERS.] Except as provided in paragraphs (5) and (7), operating and property payment rates for admissions that result in transfers and transfers shall be established on a per day payment system. The per day payment rate shall be the sum of the adjusted operating and property payment rates determined in subdivisions 2b and 2c, divided by the arithmetic mean length of stay for the diagnostic category. Each admission that results in a transfer and each transfer is considered a separate admission to each hospital, and the total of the admission and transfer payments to each hospital must not exceed the total per admission payment that would otherwise be made to each hospital under paragraph (2) and subdivisions 2b and 2c.

(b) The computation of each hospital's payment rate and the relative values of the diagnostic categories are not subject to the routine service cost limitation imposed under the Medicare program.

(c) Indian health service facilities are exempt from the rate establishment methods required by this section and shall be reimbursed at the facility's usual and customary charges to the general public. This exemption is not effective for payments under general assistance medical care.

(d) Except as provided in paragraph (a), clauses (1) and (3), out-of-state hospitals that are located within a Minnesota local trade area shall have rates established using the same procedures and methods that apply to Minnesota hospitals. Hospitals that are not required by law to file information in a format necessary to establish rates shall have rates established based on the commissioner's estimates of the information. Relative values of the diagnostic categories shall not be redetermined under this paragraph until required by rule. Hospitals affected by this paragraph shall then be included in determining relative values. However, hospitals that have rates established based upon the commissioner's estimates of information shall not be included in determining relative values. This paragraph is effective for hospital fiscal years beginning on or after July 1, 1988. A hospital shall provide the information necessary to establish rates under this paragraph at least 90 days before the start of the hospital's fiscal year.

(e) Hospitals that are not located within Minnesota or a Minnesota local trade area shall have operating and property rates established at the average



of statewide and local trade area rates or, at the commissioner's discretion, at an amount negotiated by the commissioner. Relative values shall not include data from hospitals that have rates established under this paragraph. Payments, including third party liability, established under this paragraph may not exceed the charges on a claim specific basis for inpatient services that are covered by medical assistance.

(f) Medical assistance inpatient payment rates must include the cost incurred by hospitals to pay the department of health for metabolic disorder testing of newborns who are medical assistance recipients, if the cost is not recognized by another payment source.

(g) Medical assistance inpatient payments shall increase 20 percent for inpatient hospital originally paid admissions, excluding Medicare cross-overs, that occurred between July 1, 1988, and December 31, 1990, if: (i) the hospital had 100 or fewer Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For this paragraph, medical assistance does not include general assistance medical care.

(h) Medical assistance inpatient payments shall increase 15 percent for inpatient hospital originally paid admissions, excluding Medicare cross-overs, that occurred between July 1, 1988, and December 31, 1990, if: (i) the hospital had more than 100 but fewer than 250 Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For this paragraph, medical assistance does not include general assistance medical care.

*(i) Admissions occurring on or after July 1, 1990, that are classified to a diagnostic category of mental health or chemical dependency shall have rates established according to the methods of paragraph (a), clause (8), except the per day rate shall be multiplied by a factor of 2, provided that the total of the per day rates shall not exceed the per admission rate. This methodology shall also apply when a hold or commitment is ordered by the court for the days that inpatient hospital services are medically necessary. Stays which are medically necessary for inpatient hospital services and covered by medical assistance shall not be billable to any other governmental entity. Medical necessity shall be determined under criteria established to meet the requirements of section 256B.04, subdivision 15, or 256D.03, subdivision 7, paragraph (b).*

Sec. 18. Minnesota Statutes 1989 Supplement, section 256.9695, subdivision 1, is amended to read:

Subdivision 1. [APPEALS.] A hospital may appeal a decision arising from the application of standards or methods under section 256.9685, 256.9686, or 256.969, if an appeal would result in a change to the hospital's payment rate or payments. Both overpayments and underpayments that result from the submission of appeals shall be implemented. Regardless of any appeal outcome, relative values shall not be recalculated. The appeal shall be heard by an administrative law judge according to sections 14.48 to 14.56, or upon agreement by both parties, according to a modified

appeals procedure established by the commissioner and the office of administrative hearings. In any proceeding under this section, the appealing party must demonstrate by a preponderance of the evidence that the commissioner's determination is incorrect or not according to law.

(a) To appeal a payment rate or payment determination or a determination made from base year information, the hospital shall file a written appeal request to the commissioner within 60 days of the date the payment rate determination was mailed. The appeal request shall specify: (i) the disputed items; (ii) the authority in federal or state statute or rule upon which the hospital relies for each disputed item; and (iii) the name and address of the person to contact regarding the appeal. A change to a payment rate or payments that results from a successful appeal to the Medicare program of the base year information establishing rates for the rate year beginning in 1991 and after is a prospective adjustment to subsequent rate years. After December 31, 1990, payment rates shall not be adjusted for appeals of base year information that affect years prior to the rate year beginning January 1, 1991. Facts to be considered in any appeal of base year information are limited to those in existence at the time the payment rates of the first rate year were established from the base year information. In the case of Medicare settled appeals, the 60-day appeal period shall begin on the mailing date of the notice by the Medicare program or the date the medical assistance payment rate determination notice is mailed, whichever is later.

(b) To appeal a payment rate or payment change that results from a difference in case mix between the base year and a rate year, the procedures and requirements of paragraph (a) apply. However, the appeal must be filed with the commissioner within ~~60~~ 120 days after the end of a rate year. A case mix appeal must apply to the cost of services to all medical assistance patients that received inpatient services from the hospital during the rate year appealed. ~~For this paragraph, hospital means a facility holding the provider number as an inpatient service facility.~~

Sec. 19. Minnesota Statutes 1989 Supplement, section 256.9695, subdivision 3, is amended to read:

Subd. 3. [TRANSITION.] Except as provided in section 256.969, subdivision 6a, paragraph (a), clause (3), the commissioner shall establish a transition period for the calculation of payment rates from July 1, 1989, to ~~December 31, 1990, as follows the implementation date of the upgrade to the Medicaid management information system.~~

*During the transition period:*

(a) Changes resulting from section 256.969, subdivision 6a, paragraph (a), clauses (1), (2), (4), (5), (6), and (8), shall not be implemented, *except as provided in section 256.969, subdivision 6a, paragraph (a), clause (7), and paragraph (i).*

(b) ~~Rates established for hospital fiscal years beginning on or after July 1, 1989, shall not be adjusted for the one percent technology factor included in the hospital cost index. The beginning of the 1991 rate year shall be delayed and the rates notification requirement shall not be applicable.~~

(c) Operating payment rates shall be indexed from the hospital's most recent fiscal year ending prior to January 1, 1991, by prorating the hospital cost index methodology in effect on January 1, 1989. Payments made for admissions occurring *on or after July June 1, 1990, shall not include be*

*adjusted by the one percent technology factor included in the hospital cost index and the hospital cost index shall not exceed five percent. This hospital cost index limitation shall not apply to hospitals that meet the requirements of section 256.969, subdivision 6a, paragraphs (g) and (h).*

(d) Property and pass-through payment rates shall be maintained at the most recent payment rate effective for June 1, 1990. However, all hospitals are subject to the hospital cost index limitation of subdivision 2c, for two complete fiscal years. Property and pass-through costs shall be retroactively settled through ~~December 31, 1990~~ *the transition period*. The laws in effect on the day before July 1, 1989, apply to the retroactive settlement ~~from July 1, 1989, to December 31, 1990.~~

Sec. 20. [256B.035] [MANAGED CARE.]

*The commissioner of human services may contract with public or private entities for health care services for medical assistance and general assistance medical care recipients identified by the commissioner as inappropriately using health care services. The commissioner may enter into risk-based and nonrisk-based contracts. Contracts may be for the full range of health services, or a portion thereof, for medical assistance and general assistance medical care populations to determine the effectiveness of various provider reimbursement and care delivery mechanisms. The commissioner may seek necessary federal waivers and implement projects when approval of the waivers is obtained from the Health Care Financing Administration of the United States Department of Health and Human Services.*

Sec. 21. Minnesota Statutes 1988, section 256B.04, subdivision 15, is amended to read:

Subd. 15. [UTILIZATION REVIEW.] (1) Establish on a statewide basis a new program to safeguard against unnecessary or inappropriate use of medical assistance services, against excess payments, against unnecessary or inappropriate hospital admissions or lengths of stay, and against underutilization of services in prepaid health plans, long-term care facilities or any health care delivery system subject to fixed rate reimbursement. In implementing the program, the state agency shall utilize both prepayment and postpayment review systems to determine if utilization is reasonable and necessary. The determination of whether services are reasonable and necessary shall be made by the commissioner in consultation with a professional services advisory group *or health care consultant* appointed by the commissioner.

(2) Contracts entered into for purposes of meeting the requirements of this subdivision shall not be subject to the set-aside provisions of chapter 16B.

(3) A recipient aggrieved by the commissioner's termination of services or denial of future services may appeal pursuant to section 256.045. A vendor aggrieved by the commissioner's determination that services provided were not reasonable or necessary may appeal pursuant to the contested case procedures of chapter 14. To appeal, the vendor shall notify the commissioner in writing within 30 days of receiving the commissioner's notice. The appeal request shall specify each disputed item, the reason for the dispute, an estimate of the dollar amount involved for each disputed item, the computation that the vendor believes is correct, the authority in statute or rule upon which the vendor relies for each disputed item, the name and address of the person or firm with whom contacts may be made regarding

the appeal, and other information required by the commissioner.

(4) *The commissioner may select providers to provide case management services to recipients who use health care services inappropriately or to recipients who are eligible for other managed care projects. The providers shall be selected based upon criteria that may include a comparison with a peer group of providers related to the quality, quantity, or cost of health care services delivered or a review of sanctions previously imposed by health care services programs or the provider's professional licensing board.*

Sec. 22. Minnesota Statutes 1988, section 256B.04, subdivision 16, is amended to read:

Subd. 16. [~~PERSONAL CARE ASSISTANTS SERVICES.~~] (a) The commissioner shall adopt permanent rules to implement, administer, and operate ~~the personal care assistant services program.~~ The rules must incorporate the standards and requirements adopted by the commissioner of health under section 144A.45 which are applicable to the *provision of personal care assistant program.* Limits on the extent of personal care ~~assistant~~ services that may be provided to an individual must be based on the cost-effectiveness of the services in relation to the costs of inpatient hospital care, nursing home care, and other available types of care. The rules must provide, at a minimum:

(1) that agencies be selected to contract with or employ and train staff to provide and supervise the provision of personal care services;

(2) that agencies employ or contract with a qualified applicant that a qualified recipient proposes to the agency as the recipient's choice of assistant;

(3) that agencies bill the medical assistance program for a personal care service by a personal care assistant and ~~visits~~ *supervision* by the registered nurse supervising the personal care assistant;

(4) that agencies establish a grievance mechanism; and

(5) that agencies have a quality assurance program.

(b) For personal care assistants under contract with an agency under paragraph (a), the provision of training and supervision by the agency does not create an employment relationship. *The commissioner may waive the requirement for the provision of personal care services through an agency in a particular county, when there are less than two agencies providing services in that county.*

Sec. 23. Minnesota Statutes 1988, section 256B.055, subdivision 3, is amended to read:

Subd. 3. [AFDC FAMILIES.] Medical assistance may be paid for a person who is eligible for or receiving, *or who would be eligible for, except for excess income or assets,* public assistance under the aid to families with dependent children program.

Sec. 24. Minnesota Statutes 1988, section 256B.055, subdivision 5, is amended to read:

Subd. 5. [PREGNANT WOMEN; DEPENDENT UNBORN CHILD.] Medical assistance may be paid for a pregnant woman, ~~as certified in writing by a physician or nurse midwife who has written verification of a positive pregnancy test from a physician or licensed registered nurse,~~ who meets the other eligibility criteria of this section and 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 subdivision, a woman is considered pregnant for 60 days postpartum.

Sec. 25. Minnesota Statutes 1988, section 256B.055, subdivision 6, is amended to read:

Subd. 6. [PREGNANT WOMEN; NEEDEY UNBORN CHILD.] Medical assistance may be paid for a pregnant woman; ~~as certified in writing by a physician or nurse midwife who has written verification of a positive pregnancy test from a physician or licensed registered nurse~~, who meets the other eligibility criteria of this section and whose unborn child would be eligible as a needy child under subdivision ~~11~~ 10 if born and living with the woman. For purposes of this subdivision, a woman is considered pregnant for 60 days postpartum.

Sec. 26. Minnesota Statutes 1989 Supplement, section 256B.055, subdivision 7, is amended to read:

Subd. 7. [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 or, who would meet those requirements except for excess income or assets, and who meets~~ the other eligibility requirements of this section. ~~The methodology for calculating income must be the same methodology used for calculating income for the supplemental security income program except as specified otherwise by state or federal law, rule, or regulation.~~

Effective February 1, 1989, and to the extent allowed by federal law the commissioner shall deduct state and federal income taxes and federal insurance contributions act payments withheld from the individual's earned income in determining eligibility under this subdivision.

Sec. 27. Minnesota Statutes 1988, section 256B.055, subdivision 12, is amended to read:

Subd. 12. [DISABLED CHILDREN.] (a) A person is eligible for medical assistance if the person is under age 19 and qualifies as a disabled individual under United States Code, title 42, section 1382c(a), and would be eligible for medical assistance under the state plan if residing in a medical institution, and who requires a level of care provided in a hospital, skilled nursing facility, intermediate care facility, or intermediate care facility for persons with mental retardation or related conditions, for whom home care is appropriate, provided that the cost to medical assistance for home care services is not more than the amount that medical assistance would pay for appropriate institutional care.

(b) For purposes of this subdivision, "hospital" means an acute care institution as defined in section 144.696, subdivision 3, licensed pursuant to sections 144.50 to 144.58, which is appropriate if a person is technology dependent or has a chronic health condition which requires frequent intervention by a health care professional to avoid death.

(c) For purposes of this subdivision, "skilled nursing facility" and "intermediate care facility" means a facility which provides nursing care as defined in section 144A.01, subdivision 5, licensed pursuant to sections 144A.02 to 144A.10, which is appropriate if a person is in active restorative treatment; is in need of special treatments provided or supervised by a

licensed nurse; or has unpredictable episodes of active disease processes requiring immediate judgment by a licensed nurse.

(d) For purposes of this subdivision, "intermediate care facility for the mentally retarded" or "ICF/MR" means a program licensed to provide services to persons with mental retardation under section 252.28, and chapter 245A, and a physical plant licensed as a supervised living facility under chapter 144, which together are certified by the Minnesota department of health as meeting the standards in Code of Federal Regulations, title 42, part 483, for an intermediate care facility which provides services for persons with mental retardation or persons with related conditions who require 24-hour supervision and active treatment for medical, behavioral, or habilitation needs.

(e) For purposes of this subdivision, a person "requires a level of care provided in a hospital, skilled nursing facility, intermediate care facility, or intermediate care facility for persons with mental retardation or related conditions" if the person requires 24-hour supervision because the person exhibits suicidal or homicidal ideation or behavior, psychosomatic disorders or somatopsychic disorders that may become life threatening, severe socially unacceptable behavior associated with psychiatric disorder, psychosis or severe developmental problems requiring continuous skilled observation, or disabling symptoms that do not respond to office-centered outpatient treatment.

Sec. 28. Minnesota Statutes 1988, section 256B.056, is amended by adding a subdivision to read:

*Subd. 1a. [INCOME AND ASSETS GENERALLY.] Unless specifically required by state law or rule or federal law or regulation, the methodologies used in counting income and assets to determine eligibility for medical assistance shall be as follows: (a) for persons whose eligibility category is based on blindness, disability, or age of 65 or more years, the methodologies for the supplemental security income program shall be used; and (b) for families and children, which includes all other eligibility categories, the methodologies for the aid to families with dependent children program under section 256.73 shall be used. For these purposes, a "methodology" does not include an asset or income standard, budgeting or accounting method, or method of determining effective dates.*

Sec. 29. Minnesota Statutes 1988, section 256B.056, subdivision 2, is amended to read:

*Subd. 2. [HOMESTEAD.] To be eligible for medical assistance, a person must not own, individually or together with the person's spouse, 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.~~ one of the following individuals:*

*(a) the spouse;*

*(b) a child under age 21;*

*(c) a child of any age who is blind or permanently and totally disabled as defined in the supplemental security income program;*

*(d) a sibling who has equity interest in the home and who resided in the home for at least one year immediately before the date of the person's admission to the facility; or*

*(e) a child of any age, or, subject to federal approval, a grandchild of any age, who resided in the home for at least two years immediately before the date of the person's admission to the facility, and who provided care to the person that permitted the person to reside at home rather than in an institution.*

The homestead is also excluded for the first six calendar months of the person's stay in the long-term care facility. The *person's equity in 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.

Sec. 30. Minnesota Statutes 1989 Supplement, section 256B.056, subdivision 3, is amended to read:

Subd. 3. [ASSET LIMITATIONS.] To be eligible for medical assistance, a person must not individually own more than \$3,000 in assets, or if a member of a household with two family members (husband and wife, or parent and child), the household must not own more than \$6,000 in 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. The value of the items in paragraphs (a) to (i) are not considered in determining medical assistance eligibility.

(a) The homestead is not considered.

(b) Household goods and personal effects are not considered.

(c) Personal property used as a regular abode by the applicant or recipient is not considered.

(d) A lot in a burial plot for each member of the household is not considered.

(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 are not considered.

(f) ~~For a period of six months,~~ Insurance settlements to repair or replace damaged, destroyed, or stolen property are ~~not~~ considered *to the same extent as in the related cash assistance programs.*

(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 is not considered.

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 hand-icapped 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 asset limit.

(h) Life insurance policies and assets designated as burial expenses, according to the standards and restrictions of the supplemental security income (SSI) program.

(i) Other items ~~which may be~~ excluded by federal law are not considered.

Sec. 31. Minnesota Statutes 1989 Supplement, section 256B.056, sub-division 4, is amended to read:

Subd. 4. [INCOME.] To be eligible for medical assistance, a person must not have, or anticipate receiving, semiannual income in excess of 120 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.

Sec. 32. Minnesota Statutes 1988, section 256B.056, subdivision 7, is amended to read:

Subd. 7. [PERIOD OF ~~INELIGIBILITY~~ ELIGIBILITY.] Eligibility is available for the month of application and for three months prior to appli-cation if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

Sec. 33. Minnesota Statutes 1989 Supplement, section 256B.057, sub-division 1, is amended to read:

Subdivision 1. [PREGNANT WOMEN AND INFANTS.] An infant less than one year of age or a pregnant woman, ~~as certified in writing by a physician or nurse midwife who has written verification of a positive pregnancy test from a physician or licensed registered nurse,~~ is eligible for medical assistance if countable family income is equal to or less than 185 percent of the federal poverty guideline for the same family size. Eligibility for a pregnant woman or infant less than one year of age under this subdivision must be determined without regard to asset standards estab-lished in section 256B.056, subdivision 3. Adjustments in the income limits due to annual changes in the federal poverty guidelines shall be imple-mented the first day of July following publication of the changes.

Sec. 34. Minnesota Statutes 1989 Supplement, section 256B.057, sub-division 2, is amended to read:

Subd. 2. [CHILDREN.] A child one through ~~seven~~ five years of age in a family whose countable income is less than ~~100~~ 133 percent of the federal poverty guidelines for the same family size, is eligible for medical assis-tance. *A child six through seven years of age, who was born after September 30, 1983, in a family whose countable income is less than 100 percent of the federal poverty guidelines for the same family size is eligible for medical assistance.* Eligibility for children under this subdivision must be deter-mined without regard to asset standards established in section 256B.056,



subdivision 3. Adjustments in the income limits due to annual changes in the federal poverty guidelines shall be implemented the first day of July following publication of the changes.

Sec. 35. Minnesota Statutes 1989 Supplement, section 256B.057, is amended by adding a subdivision to read:

*Subd. 4. [QUALIFIED WORKING DISABLED ADULTS.] A person who is entitled to Medicare Part A benefits under section 1818A of the Social Security Act; whose income does not exceed 200 percent of the federal poverty guidelines for the applicable family size; whose nonexempt assets do not exceed twice the maximum amount allowable under the supplemental security income program, according to family size; and who is not otherwise eligible for medical assistance, is eligible for medical assistance reimbursement of the Medicare Part A premium. Adjustments in the income limits due to annual changes in the federal poverty guidelines shall be implemented the first day of July following publication of the changes.*

Sec. 36. Minnesota Statutes 1989 Supplement, section 256B.057, is amended by adding a subdivision to read:

*Subd. 5. [DISABLED ADULT CHILDREN.] A person who is at least 18 years old, who was eligible for supplemental security income benefits on the basis of blindness or disability, who became disabled or blind before he or she reached the age of 22, and who lost eligibility as a result of becoming entitled to a child's insurance benefits on or after July 1, 1987, under section 202(d) of the Social Security Act, or because of an increase in those benefits effective on or after July 1, 1987, is eligible for medical assistance as long as he or she would be entitled to supplemental security income in the absence of child's insurance benefits or increases in those benefits.*

Sec. 37. Minnesota Statutes 1989 Supplement, section 256B.0575, is amended to read:

**256B.0575 [AVAILABILITY OF INCOME FOR INSTITUTIONALIZED PERSONS.]**

When an institutionalized person is determined eligible for medical assistance, the income that exceeds the deductions in paragraphs (a) and (b) must be applied to the cost of institutional care.

(a) The following amounts must be deducted from the institutionalized person's income in the following order:

- (1) the personal needs allowance under section 256B.35;
- (2) the personal allowance for disabled individuals under section 256B.36;
- (3) if the institutionalized person has a legally-appointed guardian or conservator, five percent of the recipient's gross monthly income up to \$100 as reimbursement for guardianship or conservatorship services;
- (4) a monthly income allowance determined under section 256B.058, subdivision 2, but only to the extent income of the institutionalized spouse is made available to the community spouse;
- (5) *a monthly allowance for children under age 18 which, together with the net income of the children, would provide income equal to the medical assistance standard for a family size that includes only the minor children. This deduction applies only if the children do not live with the community*

spouse, and only if the children resided with the institutionalized person immediately prior to admission;

(6) a monthly family allowance for other family members, equal to one-third of the difference between 122 percent of the federal poverty guidelines and the monthly income for that family member; and

~~(6)~~ (7) amounts for reasonable expenses incurred for necessary medical or remedial care for the institutionalized spouse that are not medical assistance covered expenses and that are not subject to payment by a third party.

For purposes of clause (5) (6), "other family member" ~~includes only minor or dependent children, dependent parents, or dependent siblings of the institutionalized or community spouse if the sibling resides with the community spouse.~~ means a person who resides with the community spouse and who is a minor or dependent child, dependent parent, or dependent sibling of either spouse. "Dependent" means a person who could be claimed as a dependent for federal income tax purposes under the Internal Revenue Code.

(b) Income shall be allocated to an institutionalized person for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if:

(1) a physician certifies that the person is expected to reside in the long-term care facility for three calendar months or less;

(2) if the person has expenses of maintaining a residence in the community; and

(3) if one of the following circumstances apply:

(i) the person was not living together with a spouse or a family member as defined in paragraph (a) when the person entered a long-term care facility; or

(ii) the person and the person's spouse become institutionalized on the same date, in which case the allocation shall be applied to the income of one of the spouses.

For purposes of this paragraph, a person is determined to be residing in a licensed nursing home, regional treatment center, or medical institution if the person is expected to remain for a period of one full calendar month or more.

Sec. 38. Minnesota Statutes 1989 Supplement, section 256B.059, subdivision 4, is amended to read:

**Subd. 4. [INCREASED COMMUNITY SPOUSE ASSET ALLOWANCE; WHEN ALLOWED.]** (a) If either the institutionalized spouse or community spouse establishes that the community spouse asset allowance under subdivision 3 (in relation to the amount of income generated by such an allowance) is not sufficient to raise the community spouse's income to the minimum monthly maintenance needs allowance in section 256B.058, subdivision 2, paragraph (c), there shall be substituted for the amount allowed to be transferred an amount sufficient, when combined with the monthly income otherwise available to the spouse, to provide the minimum monthly maintenance needs allowance. *A substitution under this paragraph may be made only if the assets of the couple have been arranged so that the maximum amount of income-producing assets, at the maximum rate of*

*return, are available to the community spouse under the community spouse asset allowance. The maximum rate of return is the average rate of return available from the financial institution holding the asset, or a rate determined by the commissioner to be reasonable according to community standards, if the asset is not held by a financial institution.*

(b) The community spouse asset allowance under subdivision 3 can be increased by court order or hearing that complies with the requirements of United States Code, title 42, section 1924.

Sec. 39. Minnesota Statutes 1989 Supplement, section 256B.059, subdivision 5, is amended to read:

Subd. 5. [ASSET AVAILABILITY.] (a) At the time of application for medical assistance benefits, assets considered available to the institutionalized spouse shall be the total value of all assets in which either spouse has an ownership interest, reduced by the greater of:

(1) \$12,000; or

(2) the lesser of the spousal share or \$60,000; or

(3) the amount required by court order to be paid to the community spouse. If the community spouse asset allowance has been increased under subdivision 4, then the assets considered available to the institutionalized spouse under this subdivision shall be further reduced by the value of additional amounts allowed under subdivision 4.

*(b) An institutionalized spouse may be found eligible for medical assistance even though assets in excess of the allowable amount are found to be available under paragraph (a) if the assets are owned jointly or individually by the community spouse, and the institutionalized spouse cannot use those assets to pay for the cost of care without the consent of the community spouse, and if: (i) the institutionalized spouse assigns to the commissioner the right to support from the community spouse under section 256B.14, subdivision 2; (ii) the institutionalized spouse lacks the ability to execute an assignment due to a physical or mental impairment; or (iii) the denial of eligibility would cause an imminent threat to the institutionalized spouse's health and well-being.*

*(c) After the month in which the institutionalized spouse is determined eligible for medical assistance, during the continuous period of institutionalization, no assets of the community spouse are considered available to the institutionalized spouse, unless the institutionalized spouse has been found eligible under clause (b).*

*(d) For purposes of this section, assets do not include assets excluded under section 256B.056, without regard to the limitations on total value in that section.*

Sec. 40. Minnesota Statutes 1989 Supplement, section 256B.0595, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED TRANSFERS.] ~~If an institutionalized a~~ *person or the person's spouse* has given away, sold, or disposed of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under section 256B.056, subdivision 3, within 30 months ~~of before or any time after~~ *after* the date of institutionalization if the person has been determined eligible for medical assistance, or within 30 months ~~of before or any time after~~ *after* the date of the first approved

application for medical assistance if the person has not yet been determined eligible for medical assistance, the person is ineligible for long-term care services for the period of time determined under subdivision 2. For purposes of this section, long-term care services include nursing facility services, and home and community-based services provided pursuant to section 256B.491. For purposes of this subdivision and subdivisions 2, 3, and 4, "institutionalized person" includes a person who is an inpatient in a nursing facility, or who is receiving home and community-based services under section 256B.491.

Sec. 41. Minnesota Statutes 1989 Supplement, section 256B.0595, subdivision 2, is amended to read:

Subd. 2. [PERIOD OF INELIGIBILITY.] For any uncompensated transfer, the number of months of ineligibility for long-term care services shall be the lesser of 30 months, or the uncompensated transfer amount divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the month in which the assets were transferred. *If the transfer was not reported to the local agency at the time of application, and the applicant received long-term care services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of long-term care services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G.* The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received.

Sec. 42. Minnesota Statutes 1989 Supplement, section 256B.0595, subdivision 4, is amended to read:

Subd. 4. [OTHER EXCEPTIONS TO TRANSFER PROHIBITION.] ~~An institutionalized person receiving medical assistance on the date of institutionalization who has transferred assets for less than fair market value within the 30 months immediately before the date of institutionalization or an institutionalized person who was not receiving medical assistance on the date of institutionalization and who has transferred assets for less than fair market value within 30 months immediately before the month of application who has made, or whose spouse has made a transfer prohibited by subdivision 1, is not ineligible for long-term care services if one of the following conditions apply applies:~~

(1) the assets were transferred to the community spouse, as defined in section 256B.059; or

(2) the institutionalized spouse, prior to being institutionalized, transferred assets to his or her spouse, provided that the spouse to whom the assets were transferred does not then transfer those assets to another person for less than fair market value. (At the time when one spouse is institutionalized, assets must be allocated between the spouses as provided under section 256B.059); or

(3) the assets were transferred to the individual's child who is blind or permanently and totally disabled as determined in the supplemental security

income program; or

(4) a satisfactory showing is made that the individual intended to dispose of the assets either at fair market value or for other valuable consideration; or

(5) the local agency determines that denial of eligibility for long-term care services would work an undue hardship and grants a waiver of excess assets. When a waiver is granted, a cause of action exists against the person to whom the assets were transferred for that portion of long-term care services granted within 30 months of the transfer, or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action may be brought by the state or the local agency responsible for providing medical assistance under this chapter.

Sec. 43. Minnesota Statutes 1988, section 256B.0625, subdivision 4, is amended to read:

Subd. 4. [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 a 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.

Sec. 44. Minnesota Statutes 1988, section 256B.0625, subdivision 5, is amended to read:

Subd. 5. [COMMUNITY MENTAL 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.

Sec. 45. Minnesota Statutes 1988, section 256B.0625, is amended by adding a subdivision to read:

*Subd. 8a. [OCCUPATIONAL THERAPY.] Medical assistance covers occupational therapy and related services.*

Sec. 46. Minnesota Statutes 1988, section 256B.0625, subdivision 9, is amended to read:

Subd. 9. [DENTAL SERVICES.] Medical assistance covers dental services, ~~excluding cast metal restorations~~. *Dental services include, with prior authorization, fixed cast metal restorations that are cost-effective for persons who cannot use removable dentures because of their medical condition.*

Sec. 47. Minnesota Statutes 1989 Supplement, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs if prescribed by a licensed practitioner. The commissioner shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. 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, and vitamins for children under the age of seven and pregnant or nursing women; or any other over-the-counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's

determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(b) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner, the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee or the usual and customary price charged to the public. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug may be estimated by the commissioner. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for *legend drug* prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. *Over-the-counter medications must be dispensed in the manufacturer's unopened package.* 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. Implementation of any change in the fixed dispensing fee that has not been subject to the administrative procedure act is limited to not more than 180 days, unless, during that time, the commissioner initiates rulemaking through the administrative procedure act.

Sec. 48. Minnesota Statutes 1988, section 256B.0625, is amended by adding a subdivision to read:

*Subd. 28. [CERTIFIED PEDIATRIC OR FAMILY NURSE PRACTITIONER SERVICES.] Medical assistance covers services performed by a certified pediatric nurse practitioner or a certified family nurse practitioner in independent practice, if the services are otherwise covered under this chapter as a physician service, and if the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171.*

Sec. 49. Minnesota Statutes 1988, section 256B.0625, is amended by adding a subdivision to read:

*Subd. 29. [PUBLIC HEALTH NURSING CLINIC SERVICES.] Medical assistance covers the services of a certified public health nurse practicing in a public health nursing clinic that is a department of, or that operates under the direct authority of, a unit of government, if the service is within the scope of practice of the public health nurse's license as a registered*

nurse, as defined in section 148.171.

Sec. 50. Minnesota Statutes 1988, section 256B.0625, is amended by adding a subdivision to read:

*Subd. 30. [OTHER CLINIC SERVICES.] Medical assistance covers rural health clinic, federally qualified health center, and nonprofit community health clinic services. Rural health clinic services and federally qualified health center services mean services defined in United States Code, title 42, section 1396d(a)(2)(B) and (C). Payment for rural health clinic and federally qualified health center services shall be made according to applicable federal law and regulation.*

Sec. 51. [256B.0627] [COVERED SERVICE; HOME CARE SERVICES.]

*Subdivision 1. [DEFINITION.] "Home care services" means a medically necessary health service that is ordered by a physician and documented in a plan of care that is reviewed and revised as medically necessary by the physician at least once every 60 days. Home care services include personal care and nursing supervision of personal care services which is reviewed and revised as medically necessary by the physician at least once every 365 days. Home care services are provided to the recipient at the recipient's residence that is a place other than a hospital or long-term care facility.*

*Subd. 2. [SERVICES COVERED.] Home care services covered under this section include:*

- (1) nursing services;*
- (2) private duty nursing services;*
- (3) home health aide services;*
- (4) personal care services; and*
- (5) nursing supervision of personal care services.*

*Subd. 3. [PRIVATE DUTY NURSING SERVICES; WHO MAY PROVIDE.] Private duty nursing services may be provided by a registered nurse or licensed practical nurse who is not the recipient's spouse, legal guardian, or parent of a minor child.*

*Subd. 4. [PERSONAL CARE SERVICES.] (a) Personal care services may be provided by a qualified individual who is not the recipient's spouse, legal guardian, or parent of a minor child.*

*(b) The personal care services that are eligible for payment are the following:*

- (1) bowel and bladder care;*
- (2) skin care to maintain the health of the skin;*
- (3) range of motion exercises;*
- (4) respiratory assistance;*
- (5) transfers;*
- (6) bathing, grooming, and hairwashing necessary for personal hygiene;*
- (7) turning and positioning;*



(8) assistance with furnishing medication that is normally self-administered;

(9) application and maintenance of prosthetics and orthotics;

(10) cleaning medical equipment;

(11) dressing or undressing;

(12) assistance with food, nutrition, and diet activities;

(13) accompanying a recipient to obtain medical diagnosis or treatment;

(14) services provided for the recipient's personal health and safety;

(15) helping the recipient to complete daily living skills such as personal and oral hygiene and medication schedules; and

(16) incidental household services that are an integral part of a personal care service described in clauses (1) to (15).

(c) The personal care services that are not eligible for payment are the following:

(1) personal care services that are not in the plan of care developed by the supervising registered nurse in consultation with the personal care assistants and the recipient or family of the recipient;

(2) services that are not supervised by the registered nurse;

(3) services provided by the recipient's spouse, legal guardian, or parent of a minor child;

(4) sterile procedures; and

(5) injections of fluids into veins, muscles, or skin.

*Subd. 5. [LIMITATION ON PAYMENTS.] Medical assistance payments for home care services shall be limited according to paragraphs (a) to (e).*

(a) [EXEMPTION FROM PAYMENT LIMITATIONS.] *The level, or the number of hours or visits of a specific service, of home health care services to a recipient that began before and is continued without increase on or after December 1987, shall be exempt from the payment limitations of this section, as long as the services are medically necessary.*

(b) [LEVEL I HOME CARE.] *For all new cases after December 1987, medically necessary home care services up to \$800 may be provided in a calendar month.*

*If the services in the recipient's home care plan will exceed the \$800 threshold for 30 days or less, the medically necessary services may be provided.*

(c) [LEVEL II HOME CARE.] *If the services in the recipient's home care plan exceed \$800 for more than 30 days, a public health nurse from the local preadmission screening team shall determine the recipient's maximum level of home care according to this paragraph.*

(1) *The public health nurse from the local preadmission screening team shall base the determination of the recipient's maximum level of care on the need and eligibility of the recipient for one of the following placements:*

(i) *residential facility for persons with mental retardation or related conditions operated under section 256B.501;*

(ii) inpatient hospital care for a ventilator-dependent recipient. "Ventilator dependent" means an individual who receives mechanical ventilation for life support at least six hours per day and is expected to or has been dependent for at least 30 consecutive days; or

(iii) all other recipients not appropriate for one of the above placements.

(2) If the recipient is eligible under clause (1)(i), the monthly medical assistance reimbursement for home care services shall not exceed the total monthly statewide average payment rate for residential facilities for children or adults with mental retardation or related conditions as appropriate for the recipient's age and level of self-preservation as determined according to Minnesota Rules, parts 9553.0010 to 9553.0080.

(3) If the recipient is eligible under clause (1)(ii), the monthly medical assistance reimbursement for home care services shall not exceed the monthly cost of care at the highest cost hospital designated as a long-term hospital under the Medicare program. For purposes of this clause, home care services means all services provided in the home that would be included in the payment for care at the long-term hospital.

(4) If the recipient is not eligible under either clause (1)(i) or (1)(ii), the monthly medical assistance reimbursement for home care services shall not exceed the total monthly statewide average payment for the case mix classification most appropriate to the recipient. The case mix classification is established under section 256B.431.

(5) The determination of the recipient's maximum level of home care by the public health nurse is called a home care cost assessment. The home care cost assessment must be requested by the home care provider before the end of the first 30 days of provided service and must be conducted by the public health nurse within ten working days following request.

(6) A home care provider shall request a new home care cost assessment when the needs of the individual have changed enough to require that a revised care plan be implemented that will increase costs beyond what was approved by the previous home care cost assessment and the change is anticipated to last for more than 30 days. The home care provider must request the home care cost assessment before the end of the first 30 days of provided service. Whenever a home care cost assessment is completed, the public health nurse that completes the home care cost assessment, in consultation with the home care provider, shall determine the time period for which a home care cost assessment shall remain valid. If the recipient continues to require home care services beyond the limited duration of the home care cost assessment, the home care provider must request a reassessment through the home care cost assessment process described above. Under no circumstances shall a home care cost assessment be valid for more than 12 months.

(7) Reimbursement for the home care cost assessment shall be made through the Medicaid administrative authority. The state shall pay the nonfederal share.

(d) [LEVEL III HOME CARE.] If the home care provider determines that the recipient's needs exceed the amount approved for the appropriate level of care as determined in paragraph (c), the home care provider may refer the case to the department for a level III determination. Based on the client needs, physician orders, diagnosis, condition, and plan of care, the department may give prior approval for care that exceeds level II

*described in paragraph (c). The amount approved shall not exceed the maximum cost for the appropriate level of care as determined in paragraph (c), clause (1), which will be the maximum ICF/MR rate for intermediate care facilities for persons with mental retardation or related conditions, or the maximum nursing home case mix payment, or the highest hospital cost for the state.*

*The department has 30 days from receipt of the request to complete the level III determination, during which time it may approve the higher level while reviewing the case.*

*Case reviews or approval of home care services in levels II and III may result in assignment of a case manager.*

*(e) [PRIOR APPROVAL REQUIRED IN FOSTER CARE SETTING.] Any home care service provided in an adult or child foster care setting must receive prior approval by the department.*

*Subd. 6. [RECOVERY OF EXCESSIVE PAYMENTS.] The commissioner shall seek monetary recovery from providers of payments made for services which exceed the limits established in this section.*

**Sec. 52. [256B.0629] [ADVISORY COMMITTEE ON ORGAN AND TISSUE TRANSPLANTS.]**

*Subdivision 1. [CREATION AND MEMBERSHIP.] By July 1, 1990, the commissioner shall appoint and convene a 12 member advisory committee to provide advice and recommendations to the commissioner concerning the eligibility of organ and tissue transplant procedures for reimbursement by medical assistance and general assistance medical care. The committee must include representatives of the transplant provider community, hospitals, patient recipient groups or organizations, the department of human services, the department of finance, and the department of health, at least one representative of a health plan regulated under chapter 62A, 62C, or 62D, and persons with expertise in ethics, law, and economics. The terms and removal of members shall be governed by section 15.059. Members shall not receive per diems but shall be compensated for expenses. The advisory committee does not expire as provided in section 15.059, subdivision 6.*

*Subd. 2. [FUNCTION AND OBJECTIVES.] The advisory committee shall meet at least twice a year. The committee's activities include, but are not limited to:*

*(1) collection of information on the efficacy and experience of various forms of transplantation not approved by medicare;*

*(2) collection of information from Minnesota transplant providers on available services, success rates, and the current status of transplant activity in the state;*

*(3) development of guidelines for determining when and under what conditions, organ and tissue transplants not approved by medicare should be eligible for reimbursement by medical assistance and general assistance medical care;*

*(4) providing recommendations, at least annually, to the commissioner on: (i) organ and tissue transplant procedures, beyond those approved by medicare, that should also be eligible for reimbursement under medical assistance and general assistance medical care; and (ii) which transplant*

*centers should be eligible for reimbursement from medical assistance and general assistance medical care.*

*Subd. 3. [ANNUAL REPORT.] The advisory committee shall present an annual report to the commissioner and the chairs of the health and human services appropriations divisions of the house appropriations committee and the senate finance committee by January 1 of each year on the findings and recommendations of the committee.*

*Subd. 4. [RESPONSIBILITIES OF THE COMMISSIONER.] The commissioner shall periodically:*

*(1) Recommend to the legislature criteria governing the eligibility of organ and tissue transplant procedures for reimbursement from medical assistance and general assistance medical care. Procedures approved by medicare are automatically eligible for medical assistance and general assistance medical care reimbursement. Additional procedures are eligible for reimbursement only upon approval by the legislature. Only procedures recommended by the task force and the commissioner may be considered by the legislature.*

*(2) Recommend to the legislature criteria for certifying transplant centers within and outside of Minnesota where Minnesotans receiving medical assistance and general assistance medical care may obtain transplants. Additional centers may be certified only upon approval of the legislature. Only centers recommended by the task force and the commissioner may be considered by the legislature.*

**Sec. 53. [256B.0643] [VENDOR REQUEST FOR CONTESTED CASE PROCEEDING.]**

*Unless otherwise provided by law, a vendor of medical care, as defined in section 256B.02, subdivision 7, must use this procedure to request a contested case, as defined in section 14.02, subdivision 3. A request for a contested case must be filed with the commissioner in writing within 60 days after the date the notification of an action or determination was mailed. The appeal request must specify:*

- (1) each disputed action or item;*
- (2) the reason for the dispute;*
- (3) an estimate of the dollar amount involved, if any, for each disputed item;*
- (4) the computation or other disposition that the appealing party believes is correct;*
- (5) the authority in statute or rule upon which the appealing party relies for each disputed item;*
- (6) the name and address of the person or firm with whom contacts may be made regarding the appeal; and*
- (7) other information required by the commissioner. Nothing in this section shall be construed to create a right to an administrative appeal or contested case proceeding.*

**Sec. 54. Minnesota Statutes 1988, 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 (e) individuals who are screened by another state within three months before admission to a Minnesota nursing home;~~ (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 total screening cost for each county for applicants 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 *for fiscal year 1991* 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 rate allowed for a screening where two team members are present shall be the actual costs up to \$195. The rate allowed for a screening where only one team member is present shall be the actual costs up to \$117. The commissioner shall establish by rulemaking an annual adjustment of the state maximum screening rate.* 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. If in more than ten percent of the total number of screenings performed by a county in a fiscal year for all individuals regardless of payment source, the screening timelines were not met because a county was late in screening the individual, the county is solely responsible for paying the cost of those delayed screenings that exceed ten percent.~~ 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. 55. Minnesota Statutes 1988, section 256B.091, subdivision 6, is amended to read:

Subd. 6. [REIMBURSEMENT.] The commissioner of human services shall amend the Minnesota medical assistance plan to include reimbursement for the local screening teams. *Medical assistance* reimbursement shall not be provided for any recipient placed in a nursing home in opposition to the screening team's recommendation after January 1, 1981; provided, however, the commissioner shall not deny reimbursement for (1) an individual admitted to a nursing home or boarding care home who is assessed to need long-term supportive services if long-term supportive services other than nursing home care are not available in that community; (2) any eligible individual placed in the nursing home or boarding care home pending an appeal of the preadmission screening team's decision; (3) any eligible individual placed in the nursing home or boarding care home by a physician in an emergency situation and where the screening team has not made a decision within five working days of its initial contact; or (4) any medical assistance recipient when, after full discussion of all appropriate alternatives including those that are expected to be less costly than care in a nursing home or boarding care home, the individual or the individual's legal representative insists on nursing home or boarding care home placement. *Medical assistance reimbursement for nursing homes shall not be provided for any recipient who the team has determined does not meet the level of care criteria for nursing home placement.* The screening team shall provide documentation that the most cost effective alternatives available were offered to this individual or the individual's legal representative.

Sec. 56. Minnesota Statutes Second 1989 Supplement, section 256B.091, subdivision 8, is amended to read:

Subd. 8. [ALTERNATIVE CARE GRANTS.] (a) The commissioner shall provide ~~grants funds~~ to counties participating in the program to pay costs of providing alternative care to individuals screened under subdivision 4 and nursing home or boarding care home residents who request a screening.

(b) Prior to July of each year, the commissioner shall allocate state funds available for alternative care grants to each local agency. ~~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.~~

(c) *For fiscal year 1991 only, the appropriation shall be distributed as specified in paragraphs (1) and (2).*

(1) *Sufficient state funds shall be set aside for payment for unreimbursed services provided prior to April 1, 1990, as billed by each county by June 1, 1990.*

(2) *The remainder of the state funds available for alternative care grants must be allocated to each county in the same proportion as each county's share of the actual payments made plus claims submitted for services rendered in the base year. The base year for each county shall be either fiscal year 1989 or calendar year 1989, whichever period contains a larger total dollar amount of payments plus claims submitted for each county. To be counted in the allocation process, claims must be submitted by June 1, 1990. This allocation will include the state share for medical assistance recipients as well as the state share for those who would be eligible within*

*180 days after nursing home admission. No reallocation between counties will be made. The county agency shall not be reimbursed for services which exceed the county allocation. To receive reimbursement for persons who are eligible within 180 days, the county must submit invoices within 90 days following the month of service. The number of medical assistance waiver recipients which each county may serve is allocated according to the number of open medical assistance waiver cases on July 1, 1990. Additional recipients may be served with the approval of the commissioner. These additional recipients must be served within the county's allocation.*

*(d) The alternative care grant appropriation for fiscal years 1992 and beyond shall cover only individuals who would be eligible for medical assistance within 180 days after admission to a nursing home. The commissioner shall allocate state funds available for alternative care grants to each county agency. The allocation must be made as follows: the state funds available for alternative care grants, up to the amount of the previous year's allocation increased by the percentage for rates in Minnesota Rules, part 9505.2490, must be allocated to each county in the same proportion as the previous year's allocation. If the appropriation is less than the previous year's allocation plus inflation, it shall be prorated according to the county's share of the formula. Any funds appropriated in excess of the previous year's allocation plus inflation shall be allocated to county agencies by methodologies that target funds for programs designed to reduce premature nursing home placements and promote cost-effective alternatives to increasing nursing home beds and nursing home utilization. The additional allocation to counties will become part of the allocation base. The commissioner shall appoint a work group including county and senior representatives to assist in developing criteria for allocating funds which may include identifying special target populations, geographic areas, or projects. No reallocation between counties shall be made. The county agency shall not be reimbursed for services which exceed the county allocation. To receive reimbursement, the county must submit invoices within 90 days following the date of service. The number of medical assistance waiver recipients which a county may serve must be allocated according to the number of open medical assistance waiver cases on July 1 of each fiscal year. Additional recipients may be served with the approval of the commissioner.*

*(e) The commissioner is directed to conduct a review of the preadmission screening program and alternative care grant program including screening requirements, screening reimbursement, program effectiveness, eligibility criteria for alternative care, accessibility to services, copayment and sliding fee issues, county utilization, rates for services, the payment system, funding and forecasting issues, administrative requirements, incentives for innovation, improved consistency with the community assistance for disabled individuals program and medical assistance home care services, and the allocation formula. In conducting this review, special attention should be given to ways to increase sliding fee collections and reduce or minimize administrative and program requirements and associated county costs. The commissioner shall appoint a work group including county and senior citizen representatives to assist in the program review. The commissioner must present a report on the findings of the review and recommendations for change to the legislature by February 15, 1991.*

*(f) Payment is available under this subdivision only for individuals (1) for whom the screening team would recommend nursing home or boarding*

care home admission, or continued stay if alternative care were not available; (2) who are receiving medical assistance or who would be eligible for medical assistance within 180 days of admission to a nursing home; (3) who need services that are not available at that time in the county through other public assistance; and (4) who are age 65 or older.

(g) The commissioner shall establish by rule, in accordance with chapter 14, procedures for determining ~~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.

(h) Grants may be used for payment of costs of providing care-related supplies, equipment, and *the following services such as, but not limited to: adult foster care for elderly persons, adult day care whether or not offered through a nursing home, nutritional counseling, or medical social services, which, home health aide, homemaker, personal care, case management, and respite care.* These services ~~are~~ must be provided by a licensed health care provider, a home health service eligible for reimbursement under Titles XVIII and XIX of the federal Social Security Act, or by persons employed by or contracted with by the county board or the local welfare agency.

(i) The county agency shall ensure that a plan of care is established for each individual in accordance with subdivision 3, clause (e)(2), and that a client's service needs and eligibility is reassessed at least every six months. The plan shall include any services prescribed by the individual's attending physician as necessary and follow up services as necessary. The county agency shall provide documentation to the commissioner verifying that the individual's alternative care is not available at that time through any other public assistance or service program and shall provide documentation in each individual's plan of care and to the commissioner that the most cost-effective alternatives available have been offered to the individual and that the individual was free to choose among available qualified providers, both public and private. The county agency shall document to the commissioner that the agency made reasonable efforts to inform potential providers of the anticipated need for services under the alternative care grants program, including a minimum of 14 days written advance notice of the opportunity to be selected as a service provider and an annual public meeting with providers to explain and review the criteria for selection, and that the agency allowed potential providers an opportunity to be selected to contract with the county board. Grants to counties under this subdivision are subject to audit by the commissioner for fiscal and utilization control.

(j) The county must select providers for contracts or agreements using the following criteria and other criteria established by the county:

- (1) the need for the particular services offered by the provider;
- (2) the population to be served, including the number of clients, the length of time services will be provided, and the medical condition of clients;
- (3) the geographic area to be served;
- (4) quality assurance methods, including appropriate licensure, certification, or standards, and supervision of employees when needed;



(5) rates for each service and unit of service exclusive of county administrative costs;

(6) evaluation of services previously delivered by the provider; and

(7) contract or agreement conditions, including billing requirements, cancellation, and indemnification.

(k) The county must evaluate its own agency services under the criteria established for other providers. The county shall provide a written statement of the reasons for not selecting providers.

(l) The commissioner shall establish a sliding fee schedule for requiring payment for the cost of providing services under this subdivision to persons who are eligible for the services but who are not yet eligible for medical assistance. The sliding fee schedule is not subject to chapter 14 but the commissioner shall publish the schedule and any later changes in the State Register and allow a period of 20 working days from the publication date for interested persons to comment before adopting the sliding fee schedule in final forms.

(m) The commissioner shall apply for a waiver for federal financial participation to expand the availability of services under this subdivision. *Waivered services provided to medical assistance recipients must comply with the same criteria as defined in this section and in the approved waiver. Reimbursement for the medical assistance recipients shall be made from the regular medical assistance account.* The commissioner shall provide grants to counties from the nonfederal share, unless the commissioner obtains a federal waiver for medical assistance payments, of medical assistance appropriations. A county agency may use grant money to supplement but not supplant services available through other public assistance or service programs and shall not use grant money to establish new programs for which public money is available through sources other than grants provided under this subdivision. A county agency shall not use grant money to provide care under this subdivision to an individual if the anticipated cost of providing this care would exceed the average payment, as determined by the commissioner, for the level of care that the recipient would receive if placed in a nursing home or boarding care home. The nonfederal share may be used to pay up to 90 percent of the start-up and service delivery costs of providing care under this subdivision. The state share of the nonfederal portion of costs shall be 90 percent and the county share shall be ten percent. Each county agency that receives a grant shall pay ten percent of the costs for persons who are eligible for the services but who are not yet eligible for medical assistance.

(n) Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision from January 1, 1991, on, for individuals who are receiving medical assistance.

(o) Beginning July 1, 1991, the state will reimburse counties, up to the limit of state appropriations, according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision from January 1, 1991, on, for individuals who would be eligible for medical assistance within 180 days of admission to a nursing home.

(p) The commissioner shall promulgate emergency rules in accordance with sections 14.29 to 14.36, to establish required documentation and reporting of care delivered.

Sec. 57. Minnesota Statutes 1988, section 256B.092, subdivision 1a, is amended to read:

Subd. 1a. [CASE MANAGEMENT SERVICES.] Case management services ~~include~~ *are limited to* diagnosis, ~~an~~ assessment of the individual's service needs, *development of* an individual service plan, ~~an individual habilitation plan, and specification of methods for providing, evaluating services, and the evaluation and monitoring of the services identified in the plan.~~

Sec. 58. Minnesota Statutes 1988, section 256B.092, subdivision 1b, is amended to read:

Subd. 1b. [INDIVIDUAL SERVICE AND HABILITATION PLANS PLAN.] The individual service ~~and habilitation plans~~ *plan* must

- (1) include the results of the diagnosis and assessment,
- (2) identify goals and objectives for the client, ~~and~~
- (3) identify specific services to be provided to the client,
- (4) *identify the need for an habilitation component of the plan, and*

~~The individual habilitation plan shall (5) identify and coordinate methodologies to carry out the goals and objectives of the individual service plan.~~

Sec. 59. Minnesota Statutes 1988, section 256B.092, is amended by adding a subdivision to read:

*Subd. 1c. [FISCAL LIMITATIONS.] Subdivision 1 shall not be construed as requiring expenditure of money not available to county agencies for services to persons with, or who might have, mental retardation or related conditions, except for:*

- (1) *services specifically required by federal law or state statute such as case management and day training and habilitation services; and*
- (2) *services identified in the person's individual service plan as services that the county will provide until the person's individual service plan is amended.*

Sec. 60. Minnesota Statutes 1988, section 256B.092, is amended by adding a subdivision to read:

*Subd. 1d. [COUNTY REQUIREMENTS.] Before a county denies, reduces, or terminates a service to an individual due to fiscal limitations, the county agency must show that money is not available for services to persons with mental retardation or related conditions, and that good faith efforts have been made to identify needs and obtain available funds. The county agency must show this by documenting that the following actions have been taken:*

- (1) *the county case manager has identified the person's service needs and the actions that will be taken to develop or obtain those services in the person's individual service plan and action that will be taken to prevent abuse or neglect as defined in sections 626.556, subdivision 2, paragraphs (a), (c), and (d), and 626.557, subdivision 2, paragraphs (d) and (e);*
- (2) *prior to the admission of a person to a regional treatment center program for persons with developmental disabilities, the county agency made efforts to secure community-based alternatives. If these alternatives were rejected in favor of a regional treatment center placement, the county*

*agency must also document the reasons why they were rejected; and*

*(3) the county agency has made a request for state funds or new capacity for services to meet the individual's unmet needs, since those needs have been identified in the person's individual service plan.*

Sec. 61. Minnesota Statutes 1988, section 256B.092, is amended by adding a subdivision to read:

*Subd. 1e. [COUNTY WAITING LIST.] The county agency shall maintain a waiting list of persons with developmental disabilities specifying the services needed but not provided.*

Sec. 62. Minnesota Statutes 1989 Supplement, section 256B.14, is amended to read:

256B.14 [RELATIVE'S RESPONSIBILITY.]

Subdivision 1. [IN GENERAL.] Subject to the provisions of sections 256B.055, 256B.056, and 256B.06, responsible relative means the parent of a minor recipient of medical assistance *or the spouse of a medical assistance recipient.*

Subd. 2. [ACTIONS TO OBTAIN PAYMENT.] The state agency shall promulgate rules to determine the ability of responsible relatives to contribute partial or complete *payment or* repayment of medical assistance furnished to recipients for whom they are responsible. These rules shall not require *payment or* 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 *payment or* 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.

*Subd. 3. [COMMUNITY SPOUSE CONTRIBUTION.] The community spouse of an institutionalized person who receives medical assistance under*

*section 256B.059, subdivision 5, paragraph (b), has an obligation to pay for the cost of care equal to the dollar value of assets considered available under section 256B.059, subdivision 5.*

*Subd. 4. [APPEALS.] A responsible relative may appeal the determination of an obligation to make a contribution under this section, according to section 256.045.*

Sec. 63. Minnesota Statutes 1988, section 256B.15, is amended to read:  
256B.15 [CLAIMS AGAINST ESTATES.]

*Subdivision 1. [ESTATES SUBJECT TO CLAIMS.] 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. A claim shall be filed if medical assistance was rendered for either or both persons under one of the following circumstances:*

*(a) the person was over 65 years of age; or*

*(b) the person resided in a medical institution for six months or longer and, at the time of institutionalization or application for medical assistance, whichever is later, the person could not have reasonably been expected to be discharged and returned home, as certified in writing by the person's treating physician. For purposes of this section only, a "medical institution" means a skilled nursing facility, intermediate care facility, intermediate care facility for persons with mental retardation, nursing facility, or inpatient hospital.*

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 are entitled to one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort.

*Subd. 2. [LIMITATIONS ON CLAIMS.] The claim shall include only the total amount of medical assistance rendered after age 65 or during a period of institutionalization described in subdivision 1, clause (b), and shall not include interest. 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.*

*Subd. 3. [MINOR, BLIND, OR DISABLED CHILDREN.] If a decedent who was single, or who was the surviving spouse of a married couple, is survived by a child who is under age 21 or blind or permanently and totally disabled according to the supplemental security income program criteria,*

*no claim shall be filed against the estate.*

*Subd. 4. [OTHER SURVIVORS.] If the decedent who was single or the surviving spouse of a married couple is survived by one of the following persons, a claim exists against the estate in an amount not to exceed the value of the nonhomestead property included in the estate:*

*(a) a sibling who resided in the decedent medical assistance recipient's home at least one year before the decedent's institutionalization and continuously since the date of institutionalization; or*

*(b) a son or daughter or, subject to federal approval, a grandchild, who resided in the decedent medical assistance recipient's home for at least two years immediately before the parent's institutionalization and continuously since the date of institutionalization, and who establishes by a preponderance of the evidence that he or she provided care to the parent or grandparent who received medical assistance, the care was provided before institutionalization, and the care permitted the parent to reside at home rather than in an institution.*

Sec. 64. Minnesota Statutes 1988, section 256B.19, is amended by adding a subdivision to read:

*Subd. 2b. [PILOT PROJECT REIMBURSEMENT.] In counties where a pilot or demonstration project is operated under the medical assistance program, the state may pay 100 percent of the administrative costs for the pilot or demonstration project after June 30, 1990. Reimbursement for these costs is subject to section 256.025.*

Sec. 65. Minnesota Statutes 1989 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 1989, facilities located in geographic group I as described in Minnesota Rules, part 9549.0052 (Emergency), on January 1, 1987 1989, 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. 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. For rate years beginning on or after July 1, 1989, the commissioner shall include a nursing home's reported public employee retirement act contribution for the reporting year as apportioned to the care-related operating cost categories and other operating cost categories multiplied by the appropriate composite index or indices established pursuant to paragraph (e) as costs under this paragraph. Total adjusted real estate tax liability, payments in lieu of real estate tax, actual special assessments paid, the indexed public employee retirement act contribution, 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 care-related operating cost limits 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), unless otherwise indicated in this paragraph.

(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. 66. Minnesota Statutes 1988, section 256B.431, is amended by adding a subdivision to read:

*Subd. 2l. [INFLATION ADJUSTMENTS AFTER JULY 1, 1990.] For rate years beginning on or after July 1, 1990, the forecasted composite price index for a nursing home's allowable operating cost per diems shall be determined using Data Resources, Inc., forecast for change in the Nursing Home Market Basket. The commissioner of human services shall use the indices as forecasted by Data Resources, Inc., in the fourth quarter of the calendar year preceding the rate year.*

Sec. 67. Minnesota Statutes 1988, section 256B.431, subdivision 3e, is

amended to read:

Subd. 3e. [HOSPITAL-ATTACHED CONVALESCENT AND NURSING CARE FACILITIES.] If a *nonprofit* or community-operated hospital and attached convalescent and nursing care facility suspend operation of the hospital, the surviving nursing care facility must be allowed to continue its status as a hospital-attached convalescent and nursing care facility for reimbursement purposes in three subsequent rate years.

Sec. 68. Minnesota Statutes 1988, section 256B.431, is amended by adding a subdivision to read:

*Subd. 3h. [SPECIAL PROPERTY RATE.] Notwithstanding contrary provisions of chapter 256B or rules adopted under it, for rate years beginning July 1, 1990, a nursing home under lease from 1968 until 1983 with a lessee or related party having an option to purchase the nursing home, which option was subsequently exercised, shall be allowed debt and interest costs incurred by the lessee or related party on indebtedness created when the option to purchase was exercised before the end of the 1983 calendar year. The nursing home must demonstrate to the commissioner's satisfaction that the interest rate on the debt was less than market interest rates for similar arms-length transactions at the time the debt was incurred.*

Sec. 69. Minnesota Statutes 1988, section 256B.431, is amended by adding a subdivision to read:

*Subd. 3i. [PROPERTY COSTS FOR THE RATE YEAR BEGINNING JULY 1, 1990.] Notwithstanding Minnesota Rules, part 9549.0060, subpart 13, item H, the commissioner shall determine property-related payment rates for nursing homes for the rate year beginning July 1, 1990, as follows:*

*(a) The property-related payment rate for a nursing home that qualifies under subdivision 3g is the greater of the rate determined under that subdivision or the rate determined under paragraph (c), (d), or (e), whichever is applicable.*

*(b) Nursing homes shall be grouped according to the type of property-related payment rate the commissioner determined for the rate year beginning July 1, 1989. A nursing home whose property-related payment rate was determined under Minnesota Rules, part 9549.0060, subpart 13, item A (full rental reimbursement), shall be considered group A. A nursing home whose property-related payment rate was determined under Minnesota Rules, part 9549.0060, subpart 13, item B (phase-down to full rental reimbursement), shall be considered group B. A nursing home whose property-related payment rate was determined under Minnesota Rules, part 9549.0060, subpart 13, item C or D (phase-up to full rental reimbursement), shall be considered group C.*

*(c) For the rate year beginning July 1, 1990, a group A nursing home shall receive its property-related payment rate determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section.*

*(d) For the rate year beginning July 1, 1990, a Group B nursing home shall receive the greater of 87 percent of the property-related payment rate in effect on July 1, 1989; or the rental per diem rate determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section in effect on July 1, 1990; or the sum of 100 percent of the nursing home's allowable principal and interest expense, plus its equipment allowance multiplied by the resident days for the reporting year ending September 30, 1989, divided*



by the nursing home's capacity days as determined under Minnesota Rules, part 9549.0060, subpart 11, as modified by subdivision 3f, paragraph (c); except that the nursing home's property-related payment rate must not exceed its property-related payment rate in effect on July 1, 1989.

(e) For the rate year beginning July 1, 1990, a group C nursing home shall receive its property-related payment rate determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, except the rate must not exceed the lesser of its property-related payment rate determined for the rate year beginning July 1, 1989, multiplied by 116 percent or its rental per diem rate determined effective July 1, 1990.

(f) The property-related payment rate for a nursing home that qualifies for a rate adjustment under Minnesota Rules, part 9549.0060, subpart 13, item G (special reappraisals), shall have the property-related payment rate determined in paragraphs (a) to (e) adjusted according to the provisions in that rule.

(g) Except as provided in subdivision 4, paragraph (f), and subdivision 11, a nursing home that has a change in ownership or a reorganization of provider entity is subject to the provisions of Minnesota Rules, part 9549.0060, subpart 13, item F.

Sec. 70. Minnesota Statutes 1988, section 256B.431, is amended by adding a subdivision to read:

**Subd. 3j. [PROPERTY RATE ADJUSTMENT FOR REQUIRED IMPROVEMENTS.]** *The commissioner shall add an adjustment to the property-related payment rate of a certified, freestanding boarding care home reflecting the costs incurred by that nursing home to install a communications system in every room and hallway handrails, as required under the 1987 federal Omnibus Budget Reconciliation Act, Public Law Number 100-203. The property-related payment rate increase is only available if, and to the extent that, the nursing home's existing property-related payment rate, minus the nursing home's allowable principal and interest costs and equipment allowance, is not sufficient to cover the costs of the required improvements. Each nursing home eligible for the adjustment shall submit to the commissioner a detailed estimate of the cost increases the facility will incur to meet the new physical plant requirements. Ten percent of the amount of the costs that are determined by the commissioner to be reasonable for the nursing home to meet the new requirements, divided by resident days, must be added to the nursing home's property-related payment rate. The adjustment shall be added to the property-related payment rate determined under subdivision 3i. The resulting recalculated property-related payment rate is effective October 1, 1990, or 60 days after a nursing home submits its detailed cost estimate, whichever occurs later.*

*The adjustment is only available to a certified, freestanding boarding care home that cannot meet the requirements of Public Law Number 100-203 for communications systems and handrails as demonstrated to the satisfaction of the commissioner of health. When the commissioner of human services establishes that it is not cost-effective to upgrade an eligible certified, freestanding boarding care home to the new standards, the commissioner of human services may exclude the certified freestanding boarding care home if it is either an institution for mental disease or a certified, freestanding boarding care home that would have been determined to be an institution for mental disease but for the fact that it has 16 or fewer licensed beds.*

Sec. 71. Minnesota Statutes 1989 Supplement, section 256B.431, subdivision 7, is amended to read:

Subd. 7. [ONE-TIME ADJUSTMENT TO NURSING HOME PAYMENT RATES TO COMPLY WITH OMNIBUS BUDGET RECONCILIATION ACT.] The commissioner shall determine a one-time nursing staff adjustment to the payment rate to adjust payment rates to upgrade certain nursing homes' professional nursing staff complement to meet the minimum standards of 1987 Public Law Number 100-203. The adjustments to the payment rates determined under this subdivision cover cost increases to meet minimum standards for professional nursing staff. For a nursing home to be eligible for the payment rate adjustment, a nursing home must have all of its current licensed beds certified solely for the intermediate level of care. When the commissioner establishes that it is not cost effective to upgrade an eligible nursing home to the new minimum staff standards, the commissioner may exclude the nursing home if it is either an institution for mental disease or a nursing home that would have been determined to be an institution for mental disease, but for the fact that it has 16 or fewer licensed beds.

(a) The increased cost of professional nursing for an eligible nursing home shall be determined according to clauses (1) to (4):

(1) subtract from the number 8760 the compensated hours for professional nurses, both employed and contracted, and, if the result is greater than zero, then multiply the result by \$4.55;

(2) subtract from the number 2920 the compensated hours for registered nurses, both employed and contracted, and, if the result is greater than zero, then multiply the result by \$9.30;

(3) if an eligible nursing home has less than 61 licensed beds, the director of nurses' compensated hours must be included in the compensated hours for professional nurses in clause (1). If the director of nurses is also a registered nurse, the director of nurses' hours must be included in the compensated hours for registered nurses in clause (2); and

(4) the one-time nursing staff adjustment to the payment rate shall be the sum of clauses (1) and (2) as adjusted by clause (3), if appropriate, and then divided by the nursing home's actual resident days for the reporting year ending September 30, 1988.

(b) The one-time nursing staff adjustment to the payment rate is effective from January 1, 1990, to June 30, 1991.

(c) If a nursing home is granted a waiver to the minimum professional nursing staff standards under Public Law Number 100-203 for either the professional nurse adjustment referred to in clause (1), or the registered nurse adjustment in clause (2), the commissioner must recover the portion of the nursing home's payment rate that relates to a one-time nursing staff adjustment granted under this subdivision. The amount to be recovered shall be based on the type and extent of the waiver granted.

*(d) Notwithstanding the provisions of paragraph (a), clause (3), if an eligible nursing home has less than 61 licensed beds, the director of nurses' compensated hours must be excluded from the computation of compensated hours for professional nurses and registered nurses in paragraph (a), clauses (1) and (2). The commissioner shall recompute the one-time nursing staff adjustment to the payment rate using the data from the cost report for the*

reporting year ending September 30, 1989, and the adjustment computed under this paragraph shall replace the adjustment previously computed under this subdivision effective October 1, 1990, and shall be effective for the period October 1, 1990, to June 30, 1992.

Sec. 72. Minnesota Statutes 1988, section 256B.431, is amended by adding a subdivision to read:

*Subd. 11. [SPECIAL PROPERTY RATE SETTING PROCEDURES FOR CERTAIN NURSING HOMES.] Notwithstanding Minnesota Rules, part 9549.0060, subpart 13, item H, to the contrary, for the rate year beginning July 1, 1990, a nursing home leased prior to January 1, 1986, and currently subject to adverse licensure action under section 144A.04, subdivision 4, paragraph (a), or section 144A.11, subdivision 2, and whose ownership changes prior to July 1, 1990, shall be allowed a property-related payment equal to the lesser of its current lease obligation divided by its capacity days as determined in Minnesota Rules, part 9549.0060, subpart 11, as modified by subdivision 3f, paragraph (c), or the frozen property-related payment rate in effect for the rate year beginning July 1, 1989. For rate years beginning on or after July 1, 1991, the property-related payment rate shall be its rental rate computed using the previous owner's allowable principal and interest expense as allowed by the department prior to that prior owner's sale and lease-back transaction of December 1985.*

Sec. 73. [256B.432] [LONG-TERM CARE FACILITIES; CENTRAL, AFFILIATED, OR CORPORATE OFFICE COSTS.]

*Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them.*

*(a) "Management agreement" means an agreement in which one or more of the following criteria exist:*

*(1) the central, affiliated, or corporate office has or is authorized to assume day-to-day operational control of the long-term care facility for any six-month period within a 24-month period. "Day-to-day operational control" means that the central, affiliated, or corporate office has the authority to require, mandate, direct, or compel the employees of the long-term care facility to perform or refrain from performing certain acts, or to supplant or take the place of the top management of the long-term care facility. "Day-to-day operational control" includes the authority to hire or terminate employees or to provide an employee of the central, affiliated, or corporate office to serve as administrator of the long-term care facility;*

*(2) the central, affiliated, or corporate office performs or is authorized to perform two or more of the following: the execution of contracts; authorization of purchase orders; signature authority for checks, notes, or other financial instruments; requiring the long-term care facility to use the group or volume purchasing services of the central, affiliated, or corporate office; or the authority to make annual capital expenditures for the long-term care facility exceeding \$50,000, or \$500 per licensed bed, whichever is less, without first securing the approval of the long-term care facility board of directors;*

*(3) the central, affiliated, or corporate office becomes or is required to become the licensee under applicable state law;*

*(4) the agreement provides that the compensation for services provided*

*under the agreement is directly related to any profits made by the long-term care facility; or*

*(5) the long-term care facility entering into the agreement is governed by a governing body that meets fewer than four times a year, that does not publish notice of its meetings, or that does not keep formal records of its proceedings.*

*(b) "Consulting agreement" means any agreement the purpose of which is for a central, affiliated, or corporate office to advise, counsel, recommend, or suggest to the owner or operator of the nonrelated long-term care facility measures and methods for improving the operations of the long-term care facility.*

*(c) "Long-term care facility" means a nursing home whose medical assistance rates are determined according to section 256B.431 or an intermediate care facility for persons with mental retardation and related conditions whose medical assistance rates are determined according to section 256B.501.*

*Subd. 2. [EFFECTIVE DATE.] For rate years beginning on or after July 1, 1990, the central, affiliated, or corporate office cost allocations in subdivisions 3 to 6 must be used when determining medical assistance rates under sections 256B.431 and 256B.501.*

*Subd. 3. [ALLOCATION; DIRECT IDENTIFICATION OF COSTS OF LONG-TERM CARE FACILITIES; MANAGEMENT AGREEMENT.] All costs that can be directly identified with a specific long-term care facility that is a related organization to the central, affiliated, or corporate office, or that is controlled by the central, affiliated, or corporate office under a management agreement, must be allocated to that long-term care facility.*

*Subd. 4. [ALLOCATION; DIRECT IDENTIFICATION OF COSTS TO OTHER ACTIVITIES.] All costs that can be directly identified with any other activity or function not described in subdivision 3 must be allocated to that activity or function.*

*Subd. 5. [ALLOCATION OF REMAINING COSTS; ALLOCATION RATIO.] (a) After the costs that can be directly identified according to subdivisions 3 and 4 have been allocated, the remaining central, affiliated, or corporate office costs must be allocated between the long-term care facility operations and the other activities or facilities unrelated to the long-term care facility operations based on the ratio of expenses.*

*(b) For purposes of allocating these remaining central, affiliated, or corporate office costs, the numerator for the allocation ratio shall be determined as follows:*

*(1) for long-term care facilities that are related organizations or are controlled by a central, affiliated, or corporate office under a management agreement, the numerator of the allocation ratio shall be equal to the sum of the total costs incurred by each related organization or controlled long-term care facility;*

*(2) for a central, affiliated, or corporate office providing goods or services to related organizations that are not long-term care facilities, the numerator of the allocation ratio shall be equal to the sum of the total costs incurred by the non-long-term care related organizations;*

*(3) for a central, affiliated, or corporate office providing goods or*

*services to unrelated long-term care facilities under a consulting agreement, the numerator of the allocation ratio shall be equal to the greater of directly identified central, affiliated, or corporate costs or the contracted amount; or*

*(4) for business activities that involve the providing of goods or services to unrelated parties which are not long-term care facilities, the numerator of the allocation ratio shall be equal to the greater of directly identified costs or revenues generated by the activity or function.*

*(c) The denominator for the allocation ratio is the sum of the numerators in paragraph (b), clauses (1) to (4).*

**Subd. 6. [COST ALLOCATION BETWEEN LONG-TERM CARE FACILITIES.]** *(a) Those long-term care operations that have long-term care facilities both in Minnesota and outside of Minnesota must allocate the long-term care operation's central, affiliated, or corporate office costs identified in subdivision 5 to Minnesota based on the ratio of total resident days in Minnesota long-term care facilities to the total resident days in all facilities.*

*(b) The Minnesota long-term care operation's central, affiliated, or corporate office costs identified in paragraph (a) must be allocated to each Minnesota long-term care facility on the basis of resident days.*

Sec. 74. Minnesota Statutes 1988, section 256B.48, is amended by adding a subdivision to read:

**Subd. 1c. [CASE MIX RATE FOR PROVIDER WITH ADDENDUM TO PROVIDER AGREEMENT.]** *A nursing home with an addendum to its provider agreement effective beginning July 1, 1983, or September 24, 1985, shall have its payment rates established by the commissioner under this subdivision. To save medical assistance resources, for rate years beginning after July 1, 1991, the provider's payment rates shall be the payment rates established by the commissioner July 1, 1990, multiplied by a 12-month inflation factor based on the forecasted inflation between the mid-points of rate years using the inflation index applied by the commissioner to other nursing homes.*

*The provider and the department of health shall complete case mix assessments under Minnesota Rules, chapter 4656, and parts 9549.0058 and 9549.0059, on only those residents receiving medical assistance. The commissioner of health may audit and verify the limited provider assessments at any time.*

Sec. 75. Minnesota Statutes 1988, section 256B.48, subdivision 2, is amended to read:

**Subd. 2. [REPORTING REQUIREMENTS.]** *No later than December 31 of each year, a skilled nursing facility or intermediate care facility, including boarding care facilities, which receives medical assistance payments or other reimbursements from the state agency shall:*

*(a) Provide the state agency with a copy of its audited financial statements. The audited financial statements must include a balance sheet, income statement, statement of the rate or rates charged to private paying residents, statement of retained earnings, ~~statements of changes in financial position (cash and working capital methods)~~ statement of cash flows, notes to the financial statements, audited applicable supplemental information, and the certified public accountant's or licensed public accountant's opinion.*

The examination by the certified public accountant or licensed public accountant shall be conducted in accordance with generally accepted auditing standards as promulgated and adopted by the American Institute of Certified Public Accountants;

(b) Provide the state agency with a statement of ownership for the facility;

(c) Provide the state agency with separate, audited financial statements as specified in clause (a) for every other facility owned in whole or part by an individual or entity which has an ownership interest in the facility;

(d) Upon request, provide the state agency with separate, audited financial statements as specified in clause (a) for every organization with which the facility conducts business and which is owned in whole or in part by an individual or entity which has an ownership interest in the facility;

(e) Provide the state agency with copies of leases, purchase agreements, and other documents related to the lease or purchase of the nursing facility;

(f) Upon request, provide the state agency with copies of leases, purchase agreements, and other documents related to the acquisition of equipment, goods, and services which are claimed as allowable costs; and

(g) Permit access by the state agency to the certified public accountant's and licensed public accountant's audit workpapers which support the audited financial statements required in clauses (a), (c), and (d).

Documents or information provided to the state agency pursuant to this subdivision shall be public. If the requirements of clauses (a) to (g) are not met, the reimbursement rate may be reduced to 80 percent of the rate in effect on the first day of the fourth calendar month after the close of the reporting year, and the reduction shall continue until the requirements are met.

Sec. 76. Minnesota Statutes 1988, section 256B.49, is amended by adding a subdivision to read:

*Subd. 3. [CONTINUED SERVICES FOR PERSONS OVER AGE 65.] Persons who are found eligible for services under this section before their 65th birthday may remain eligible for these services after their 65th birthday if they meet all other eligibility factors.*

Sec. 77. Minnesota Statutes 1989 Supplement, section 256B.495, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT OF RECEIVERSHIP FEES.] The commissioner in consultation with the commissioner of health may establish a receivership fee payment that exceeds a long-term care facility payment rate when the commissioner of health determines a long-term care facility is subject to the receivership provisions under section 144A.14 or 144A.15 or the commissioner of human services determines that a facility is subject to the receivership under section 245A.12 or 245A.13. In establishing the receivership fee payment, the commissioner must reduce the receiver's requested receivership fee by amounts that the commissioner determines are included in the long-term care facility's payment rate and that can be used to cover part or all of the receivership fee. Amounts that can be used to reduce the receivership fee shall be determined by reallocating facility staff or costs that were formerly paid by the long-term care facility before the receivership and are no longer required to be paid. The amounts may

include any efficiency incentive, allowance, and other amounts not specifically required to be paid for expenditures of the long-term care facility.

If the receivership fee cannot be covered by amounts in the long-term care facility's payment rate, a receivership fee payment shall be set according to paragraphs (a) and (b) and payment shall be according to paragraphs (c) to (e).

(a) The receivership fee per diem shall be determined by dividing the annual receivership fee payment by the long-term care facility's resident days from the most recent cost report for which the commissioner has established a payment rate or the estimated resident days in the projected receivership fee period.

(b) The receivership fee per diem shall be added to the long-term care facility's payment rate.

(c) Notification of the payment rate increase must meet the requirements of section 256B.47, subdivision 2.

(d) The payment rate in paragraph (b) for a nursing home shall be effective the first day of the month following the receiver's compliance with the notice conditions in paragraph (c). The payment rate in paragraph (b) for an intermediate care facility for the mentally retarded shall be effective on the first day of the rate year in which the receivership fee per diem is determined.

(e) The commissioner may elect to make a lump sum payment of a portion of the receivership fee to the receiver *or managing agent*. In this case, the commissioner and the receiver *or managing agent* shall agree to a repayment plan. Regardless of whether the commissioner makes a lump sum payment under this paragraph, the provisions of paragraphs (a) to (d) and subdivision 2 also apply.

Sec. 78. Minnesota Statutes 1988, section 256B.50, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] A provider may appeal from a determination of a payment rate established pursuant to this chapter and reimbursement rules of the commissioner if the appeal, if successful, would result in a change to the provider's payment rate *or to the calculation of maximum charges to therapy vendors as provided by section 256B.433, subdivision 3*. 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.

Sec. 79. Minnesota Statutes 1988, section 256B.50, subdivision 1b, is amended to read:

Subd. 1b. [FILING AN APPEAL.] To appeal, the provider shall file with the commissioner a written notice of appeal; the appeal must be received by the commissioner within 60 days of the date the determination of the payment rate was mailed. The notice of appeal must specify each disputed item; the reason for the dispute; the total dollar amount ~~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 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 other information required by the commissioner.

Sec. 80. Minnesota Statutes 1988, section 256B.501, subdivision 3c, is amended 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.

*For rate years beginning on or after October 1, 1990, the commissioner shall index a facility's allowable operating costs in the program, maintenance, and administrative operating cost categories by using Data Resources, Inc., forecast for change in the Consumer Price Index-All Items (U.S. city average) (CPI-U). The commissioner shall use the indices as forecasted by Data Resources, Inc., in the first quarter of the calendar year in which the rate year begins.*

Sec. 81. Minnesota Statutes 1988, section 256B.501, subdivision 3e, is amended 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 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 subdivision 3c except that the index shall be based on the 12 months between the midpoints of the two preceding reporting years.

Sec. 82. Minnesota Statutes 1988, section 256B.501, is amended by adding a subdivision to read:

*Subd. 11. [INVESTMENT PER BED LIMITS, INTEREST EXPENSE LIMITATIONS, AND ARMS-LENGTH LEASES.] (a) The provisions of Minnesota Rules, part 9553.0075, except as modified under this subdivision, shall apply to newly constructed or established facilities that are certified for medical assistance on or after May 1, 1990.*

*(b) For purposes of establishing payment rates under this subdivision and Minnesota Rules, parts 9553.0010 to 9553.0080, the term "newly constructed or newly established" means a facility (1) for which a need*



determination has been approved by the commissioner under sections 252.28 and 252.291; (2) whose program is newly licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, and certified under Code of Federal Regulations, title 42, section 442.400, et seq.; and (3) that is part of a proposal that meets the requirements of section 252.291, subdivision 2, paragraph (2). The term does not include a facility for which a need determination was granted solely for other reasons such as the relocation of a facility; a change in the facility's name, program, number of beds, type of beds, or ownership; or the sale of a facility, unless the relocation of a facility to one or more service sites is the result of a closure of a facility under section 252.292, in which case clause (3) shall not apply. The term does include a facility that converts more than 50 percent of its licensed beds from class A to class B residential or class B institutional to serve persons discharged from state regional treatment centers on or after May 1, 1990, in which case clause (3) does not apply.

(c) Newly constructed or newly established facilities that are certified for medical assistance on or after May 1, 1990, shall be allowed the capital asset investment per bed limits as provided in clauses (1) to (4).

(1) The 1990 calendar year investment per bed limit for a facility's land must not exceed \$5,700 per bed for newly constructed or newly established facilities in Hennepin, Ramsey, Anoka, Washington, Dakota, Scott, Carver, Chisago, Isanti, Wright, Benton, Sherburne, Stearns, St. Louis, Clay, and Olmsted counties, and must not exceed \$3,000 per bed for newly constructed or newly established facilities in other counties.

(2) The 1990 calendar year investment per bed limit for a facility's depreciable capital assets must not exceed \$44,800 for class B residential beds, and \$45,200 for class B institutional beds.

(3) The investment per bed limit in clause (2) must not be used in determining the three-year average percentage increase adjustment in Minnesota Rules, part 9553.0060, subpart 1, item C, subitem (4), for facilities that were newly constructed or newly established before May 1, 1990.

(4) The investment per bed limits in clause (2) shall be adjusted annually beginning January 1, 1991, and each January 1 following, as provided in Minnesota Rules, part 9553.0060, subpart 1, item C, subitem (2).

(d) A newly constructed or newly established facility's interest expense limitation as provided for in Minnesota Rules, part 9553.0060, subpart 3, item F, on capital debt for capital assets acquired during the interim or settle-up period, shall be increased by 2.5 percentage points for each full .25 percentage points that the facility's interest rate on its mortgage is below the maximum interest rate as established in Minnesota Rules, part 9553.0060, subpart 2, item A, subitem (2). For all following rate periods, the interest expense limitation on capital debt in Minnesota Rules, part 9553.0060, subpart 3, item F, shall apply to the facility's capital assets acquired, leased, or constructed after the interim or settle-up period. If a newly constructed or newly established facility is acquired by the state, the limitations of this paragraph and Minnesota Rules, part 9553.0060, subpart 3, item F, shall not apply.

(e) If a newly constructed or newly established facility is leased with an arms-length lease as provided for in Minnesota Rules, part 9553.0060, subpart 7, the lease agreement shall be subject to the following conditions:

(1) the term of the lease, including option periods, must not be less than

20 years;

(2) the maximum interest rate used in determining the present value of the lease must not exceed the lesser of the interest rate limitation in Minnesota Rules, part 9553.0060, subpart 2, item A, subitem (2), or 16 percent; and

(3) the residual value used in determining the net present value of the lease must be established using the provisions of Minnesota Rules, part 9553.0060.

(f) All leases of the physical plant of an intermediate care facility for the mentally retarded shall contain a clause that requires the owner to give the commissioner notice of any requests or orders to vacate the premises 90 days before such vacation of the premises is to take place. In the case of unlawful detainer actions, the owner shall notify the commissioner within three days of notice of an unlawful detainer action being served upon the tenant. The only exception to this notice requirement is in the case of emergencies where immediate vacation of the premises is necessary to assure the safety and welfare of the residents. In such an emergency situation, the owner shall give the commissioner notice of the request to vacate at the time the owner of the property is aware that the vacating of the premises is necessary. This section applies to all leases entered into after the effective date of this section. Rentals set in leases entered into after that date that do not contain this clause are not allowable costs for purposes of medical assistance reimbursement.

(g) A newly constructed or newly established facility's preopening costs are subject to the provisions of Minnesota Rules, part 9553.0035, subpart 12, and must be limited to only those costs incurred during one of the following periods, whichever is shorter:

(1) between the date the commissioner approves the facility's need determination and 30 days before the date the facility is certified for medical assistance; or

(2) the 12-month period immediately preceding the 30 days before the date the facility is certified for medical assistance.

Sec. 83. Minnesota Statutes 1988, 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 may include one urban, one suburban, and 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 medical assistance prepayment programs.~~

Sec. 84. Minnesota Statutes 1989 Supplement, section 256B.69, subdivision 16, is amended to read:

Subd. 16. [PROJECT EXTENSION.] Minnesota Rules, parts 9500.1450; 9500.1451; 9500.1452; 9500.1453; 9500.1454; 9500.1455; 9500.1456; 9500.1457; 9500.1458; 9500.1459; 9500.1460; 9500.1461; 9500.1462; 9500.1463; and 9500.1464 are extended ~~until December 31, 1990.~~

Sec. 85. Minnesota Statutes 1988, section 256B.73, subdivision 7, as amended by Laws 1990, chapter 454, section 1, is amended to read:

Subd. 7. [CONTRACT WITH COALITION.] The commissioner of human services shall contract with the coalition to administer and direct the demonstration project and to select and retain the demonstration provider for the duration of the project. This contract shall be for 24 months with an option to renew for no more than 12 months. This contract may be canceled without cause by the commissioner upon 90 days' written notice to the ~~demonstration provider coalition~~ or by the ~~demonstration provider coalition~~ with 90 days' written notice to the commissioner. The commissioner shall assure the cooperation of the county human services or social services staff in all counties participating in the project.

Sec. 86. Minnesota Statutes 1989 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 receiving~~ assistance under section 256D.05 or 256D.051 and is not eligible for medical assistance under chapter 256B *including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5*; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of \$1,000 per assistance unit. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, *using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility*. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. *However, if a disregard of \$30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months*. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, ~~except for~~ the disregard of the first \$50 of earned income *is not allowed*; or

(3) who is over age 18 and who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal health care financing administration to be an institution for mental diseases.

(b) Eligibility is available for the month of application and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

(c) General assistance medical care may be paid for a person, regardless of age, who is 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.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 30 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, *including partial months*, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. *The period of ineligibility begins in the month the transfer was reported to the local agency, or if the transfer was not reported, the month in which the local agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.*

Sec. 87. Minnesota Statutes 1989 Supplement, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) Reimbursement under the general assistance medical care program shall be limited to the following categories of service: inpatient hospital care, outpatient hospital care, services provided by Medicare certified rehabilitation agencies, prescription drugs, equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level, eyeglasses and eye examinations provided by a physician or optometrist, hearing aids, prosthetic devices, laboratory and X-ray services, physician's services, medical transportation, chiropractic services as covered under the medical assistance program, podiatric services, and dental care. In addition, payments of state aid shall be made for:

(1) outpatient services provided by a mental health center or clinic that is under contract with the county board and is ~~certified under Minnesota Rules, parts 9520.0010 to 9520.0230 established under section 245.62;~~

(2) day treatment services for mental illness provided under contract with the county board;

(3) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;

(4) case management services for a person with serious and persistent

mental illness who would be eligible for medical assistance except that the person resides in an institution for mental diseases;

(5) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments for a person who would be eligible for medical assistance except that the person resides in an institution for mental diseases; and

(6) equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision.

(b) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall contract with an independent actuary to establish prepayment rates.

(c) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions.

For the period July 1, 1985, to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986, to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period January 1, 1987, to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1987, to June 30, 1988, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than five percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1988, to June 30, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may not be reduced. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(d) Any county may, from its own resources, provide medical payments for which state payments are not made.

(e) Chemical dependency services that are reimbursed under Laws 1986, chapter 394, sections 8 to 20, must not be reimbursed under general assistance medical care.

(f) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

(g) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

Sec. 88. Minnesota Statutes Second 1989 Supplement, section 256D.03, subdivision 6, is amended to read:

Subd. 6. [DIVISION OF COSTS.] The state share of local agency expenditures for general assistance medical care shall be 90 percent and the county share shall be ten percent. Payments made under this subdivision shall be made in accordance with sections 256B.041, subdivision 5 and

256B.19, subdivision 1. *In counties where a pilot or demonstration project is operated for general assistance medical care services, the state may pay 100 percent of the costs of administering the pilot or demonstration project. Reimbursement for these costs is subject to section 256.025.*

Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision from January 1, 1991, on. Payment to counties under this subdivision is subject to the provisions of section 256.017.

Notwithstanding any provision to the contrary, beginning July 1, 1991, the state shall pay 100 percent of the costs for centralized claims processing by the department of administration relative to claims beginning January 1, 1991, and submitted on behalf of general assistance medical care recipients by vendors in the general assistance medical care program.

Beginning July 1, 1991, the state shall reimburse counties up to the limit of state appropriations for general assistance medical care common carrier transportation and related travel expenses provided for medical purposes after December 31, 1990. Reimbursement shall be provided according to the payment schedule set forth in section 256.025. For purposes of this subdivision, transportation shall have the meaning given it in Code of Federal Regulations, title 42, section 440.170(a), as amended through October 1, 1987, and travel expenses shall have the meaning given in Code of Federal Regulations, title 42, section 440.170(a)(3), as amended through October 1, 1987.

The county shall ensure that only the least costly most appropriate transportation and travel expenses are used. The state may enter into volume purchase contracts, or use a competitive bidding process, whenever feasible, to minimize the costs of transportation services. If the state has entered into a volume purchase contract or used the competitive bidding procedures of chapter 16B to arrange for transportation services, the county may be required to use such arrangements to be eligible for state reimbursement for general assistance medical care common carrier transportation and related travel expenses provided for medical purposes.

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. 89. Minnesota Statutes 1988, section 256D.03, subdivision 7, is amended to read:

Subd. 7. [DUTIES OF THE COMMISSIONER.] The commissioner shall promulgate emergency and permanent rules as necessary to establish:

- (a) standards of eligibility, utilization of services, and payment levels;
- (b) standards for quality assurance, surveillance, and utilization review procedures that conform to those established for the medical assistance program pursuant to chapter 256B, including general criteria and procedures for the identification and prompt investigation of suspected fraud, theft, abuse, presentment of false or duplicate claims, presentment of claims for services not medically necessary, or false statements or representations of material facts by a vendor *or recipient* of general assistance medical care, and for the imposition of sanctions against such vendor *or recipient*

of medical care. The rules relating to sanctions shall be consistent with the provisions of section 256B.064, subdivisions 1a and 2; and

(c) administrative and fiscal procedures for payment of the state share of the medical costs incurred by the counties under section 256D.02, subdivision 4a. Rules promulgated pursuant to this clause may include: (1) procedures by which state liability for the costs of medical care incurred pursuant to section 256D.02, subdivision 4a may be deducted from county liability to the state under any other public assistance program authorized by law; (2) procedures for processing claims of counties for reimbursement by the state for expenditures for medical care made by the counties pursuant to section 256D.02, subdivision 4a; and (3) procedures by which the local agencies may contract with the commissioner of human services for state administration of general assistance medical care payments.

Sec. 90. Minnesota Statutes 1989 Supplement, section 256D.425, subdivision 3, is amended to read:

Subd. 3. [TRANSFERS.] The transfer policies and procedures of the Minnesota supplemental aid program are those used by the ~~medical general~~ *medical general assistance medical care* program under section ~~256B.17~~ *256D.03, subdivision 3, paragraph (e), except that a resource that is transferred while otherwise excluded under subdivision 2 is not an available resource for purposes of eligibility for Minnesota supplemental aid.*

Sec. 91. Minnesota Statutes 1988, section 518.171, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Unless the obligee has comparable or better group dependent health insurance coverage available at a more reasonable cost, the court shall order the obligor to name the minor child as beneficiary on any health and dental insurance plan that is available to the obligor on a group basis or through an employer or union. *"Health insurance coverage" as used in this section does not include medical assistance provided under chapter 256, 256B, or 256D.*

If the court finds that dependent health or dental insurance is not available to the obligor on a group basis or through an employer or union, or that the group insurer is not accessible to the obligee, the court may require the obligor to obtain dependent health or dental insurance, or to be liable for reasonable and necessary medical or dental expenses of the child.

If the court finds that the dependent health or dental insurance required to be obtained by the obligor does not pay all the reasonable and necessary medical or dental expenses of the child, or that the dependent health or dental insurance available to the obligee does not pay all the reasonable and necessary medical or dental expenses of the child, and the court finds that the obligor has the financial ability to contribute to the payment of these medical or dental expenses, the court shall require the obligor to be liable for all or a portion of the medical or dental expenses of the child not covered by the required health or dental plan.

Sec. 92. Minnesota Statutes 1988, section 518.171, subdivision 3, is amended to read:

Subd. 3. [IMPLEMENTATION.] A copy of the court order for insurance coverage shall be forwarded to the obligor's employer or union by the obligee or the public authority responsible for support enforcement only when ordered by the court or when the following conditions are met:



(1) the obligor fails to provide written proof to the obligee or the public authority, within 30 days of receiving effective notice of the court order, that the insurance has been obtained or that application for insurability has been made;

(2) the obligee or the public authority serves written notice of its intent to enforce medical support on the obligor by mail at the obligor's last known post office address; and

(3) the obligor fails within 15 days after the mailing of the notice to provide written proof to the obligee or the public authority that the insurance coverage existed as of the date of mailing.

*The employer or union shall forward a copy of the order to the health and dental insurance plan offered by the employer.*

Sec. 93. Minnesota Statutes 1988, section 518.171, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] The order is binding on the employer or union *and the health and dental insurance plan* when service under subdivision 3 has been made. Upon receipt of the order, or upon application of the obligor pursuant to the order, the employer or union *and its health and dental insurance plan* shall enroll the minor child as a beneficiary in the group insurance plan and withhold any required premium from the obligor's income or wages. If more than one plan is offered by the employer or union, the child shall be enrolled in the insurance plan in which the obligor is enrolled or the least costly plan otherwise available to the obligor that is comparable to a number two qualified plan. *Failure of the obligor to execute any documents necessary to enroll the dependent in the group health and dental insurance plan will not affect the obligation of the employer or union and group health and dental insurance plan to enroll the dependent in a plan for which other eligibility requirements are met. Information and authorization provided by the public authority responsible for child support enforcement, or by the custodial parent or guardian, is valid for the purposes of meeting enrollment requirements of the health plan.* The insurance coverage for a child eligible under subdivision 5 shall not be terminated except as authorized in subdivision 5.

Sec. 94. Minnesota Statutes 1988, section 518.171, subdivision 7, is amended to read:

Subd. 7. [RELEASE OF INFORMATION.] When an order for dependent insurance coverage is in effect, the obligor's employer or union shall release to the obligee or the public authority, upon request, information on the dependent coverage, including the name of the insurer. Notwithstanding any other law, information reported pursuant to section 268.121 shall be released to the public agency responsible for support enforcement that is enforcing an order for medical or dental insurance coverage under this section. *The public agency responsible for support enforcement is authorized to release to the obligor's insurer or employer information necessary to obtain or enforce medical support.*

Sec. 95. Laws 1989, chapter 282, article 3, section 98, subdivision 4, is amended to read:

Subd. 4. Minnesota Statutes 1988, section 256B.17, subdivisions 1, 2, 3, 4, 5, 6, and 8, are repealed *for transfers occurring on or after July 1, 1988. Minnesota Statutes, section 256B.17, subdivisions 1, 2, 3, 4, 5, 6,*

and 8, are revived for transfers occurring before July 1, 1988.

Sec. 96. Laws 1989, chapter 282, article 3, section 98, subdivision 5, is amended to read:

Subd. 5. Minnesota Statutes 1988, section 256B.17, subdivision 7, is repealed effective October 1, 1989, for those persons who become institutionalized on or after that date but remains in effect for those who were institutionalized before October 1, 1989. Minnesota Statutes 1988, section 256B.17, subdivision 7, is revived for persons institutionalized before October 1, 1989.

Sec. 97. [RULES RELATING TO MENTAL HEALTH PRACTITIONERS.]

*The commissioner of human services shall adopt or amend rules to allow a mental health practitioner with only a bachelor's degree to provide mental health services under clinical supervision when employed by a private, nonprofit agency specializing in mental health services to low income children under age 15. To be eligible, the mental health practitioner must have provided outpatient mental health services, with a primary emphasis on family-oriented mental health services, to children under age 15 under clinical supervision for at least ten years after receiving a bachelor's degree.*

Sec. 98. Laws 1988, chapter 689, article 2, section 256, subdivision 3, is amended to read:

Subd. 3. [REPORT.] The commissioner shall monitor and evaluate the pilot projects and report to the legislature by January 31, ~~1991~~ 1993. 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. 99. [INFLATION ADJUSTMENT FOR PAYMENTS FOR CERTAIN HOME AND COMMUNITY-BASED MEDICAL CARE AND NURSING HOME SCREENINGS.]

*Until June 30, 1993, the commissioner of human services shall provide an annual inflation adjustment of not more than four percent for payment rates for private duty nursing services, personal care services, home and community-based waived services, and alternative care grant services for persons classified as 180-day eligible.*

Sec. 100. [MENTAL RETARDATION SERVICES COST STUDY.]

*By January 1, 1991, the commissioner of human services, in consultation with counties, the department of education, and the state planning agency, shall provide a report to the senate and house health and human services policy committees and finance and appropriations divisions that contains*

*a description of all current state spending on mental retardation services, including special education services and vocational rehabilitation services, and estimates of the future growth in spending that would occur in the absence of new cost containment measures. The report must also identify service system alternatives, including fiscal incentives, mandates, and rule changes, that will encourage cost containment without adversely affecting quality or the provision of appropriate services. The proposals must include specific recommendations for semi-independent living services, respite care, case management, and day training and habilitation services.*

**Sec. 101. [RECOMMENDATIONS REGARDING PROPERTY COST PAYMENTS.]**

*(a) By December 15, 1990, the rule 50 property reimbursement advisory task force shall recommend to the commissioner of human services a new system for determining property-related payment rates for nursing homes. The system recommended by the advisory task force must not increase total medical assistance spending for nursing home property costs. The system must be designed to:*

- (1) reimburse nursing homes for their legitimate and reasonable property-related costs;*
- (2) permit appropriate sales of facilities within reasonable limitations;*
- (3) allow for the reasonable accumulation of funds to replace capital assets;*
- (4) take into consideration Medicare principles and required state plan assurances;*
- (5) provide equitable treatment of facilities;*
- (6) establish limitations on investment per bed; and*
- (7) encourage long-term ownership of nursing facilities through providing a return on an owner's actual investment which is related to the length of ownership at the time of an arm's-length sale.*

*(b) By January 15, 1991, the commissioner shall provide a report to the legislature that contains the report and recommendations of the property reimbursement advisory task force as well as the commissioner's comments and recommendations regarding nursing home property reimbursement.*

**Sec. 102. [FEDERAL WAIVER TO REDUCE THE FREQUENCY OF ELIGIBILITY REDETERMINATIONS FOR INFANTS ON MEDICAL ASSISTANCE.]**

*The commissioner of human services shall seek federal approval to eliminate eligibility redeterminations for pregnant women and infants eligible for medical assistance under Minnesota Statutes, section 256B.055, subdivisions 6 and 10, until one year after the birth of the child. The commissioner shall begin the process of seeking federal approval no later than December 31, 1990.*

**Sec. 103. [CONSUMER AWARENESS CAMPAIGN.]**

*The department of commerce shall establish a consumer awareness campaign to inform the public of cost effective strategies for the purchase of affordable health insurance. The department of commerce may accept public and private funds to establish and promote this consumer awareness campaign.*

## Sec. 104. [REPEALERS.]

*Subdivision 1. [MEDICAL ASSISTANCE ELIGIBILITY.] Minnesota Statutes 1989 Supplement, section 256B.055, subdivision 8, is repealed.*

*Subd. 2. [SWING BEDS.] The amendments to Minnesota Statutes, section 256B.0625, subdivision 2, in Laws 1989, chapter 282, article 3, section 54, are repealed, and the stricken language is reenacted.*

## Sec. 105. [EFFECTIVE DATES.]

*Subdivision 1. [CLAIMS AGAINST ESTATES.] Section 63 is effective for all claims filed for deaths occurring on or after the date of enactment.*

*Subd. 2. [PROHIBITED TRANSFERS OF PROPERTY.] Section 40 is effective the day after final enactment.*

*Subd. 3. [METRO MOBILITY.] Section 13 is effective October 1, 1990.*

*Subd. 4. [NURSING HOME PROPERTY RATES INVOLVING LEASES.] Section 68 is effective the day following final enactment.*

*Subd. 5. [SWING BEDS.] Section 104, subdivision 2, is effective the day following final enactment.*

*Subd. 6. [NEW ICF/MR FACILITIES.] Section 82 is effective May 1, 1990.*

*Subd. 7. [ADVISORY COMMITTEE ON TRANSPLANTS.] Section 52 is effective the day following final enactment.*

## ARTICLE 4

## INCOME MAINTENANCE

Section 1. Minnesota Statutes 1988, 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 home ~~owned and occupied by the child, relative, or other member of the assistance unit as a dwelling place,~~ that is owned by, and is the usual residence of, the child, relative, or other member of the assistance unit together with the surrounding property which is not separated from the home by intervening property owned by others. "Usual residence" includes the home from which the child, relative, or other members of the assistance unit is temporarily absent due to an employability development plan approved by the local human service agency, which includes education, training, or job search within the state but outside of the immediate geographic area. 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. 2. Minnesota Statutes 1989 Supplement, section 256.73, subdivision 3a, is amended to read:

Subd. 3a. [PERSONS INELIGIBLE.] No assistance shall be given under sections 256.72 to 256.87:

(1) on behalf of any person who is receiving supplemental security income under title XVI of the Social Security Act unless permitted by federal regulations;

(2) for any month in which the assistance unit's gross income, without application of deductions or disregards, exceeds 185 percent of the standard of need for a family of the same size and composition; except that the earnings of a dependent child who is a full-time student may be disregarded for six calendar months per year and the earnings of a dependent child who is a full-time student that are derived from the jobs training and partnership act may be disregarded for six calendar months per year. If a stepparent's income is taken into account in determining need, the disregards specified in section 256.74, subdivision 1a, shall be applied to determine income available to the assistance unit before calculating the unit's gross income for purposes of this paragraph;

(3) to any assistance unit for any month in which any caretaker relative with whom the child is living is, on the last day of that month, participating in a strike;

(4) on behalf of any other individual in the assistance unit, nor shall the individual's needs be taken into account for any month in which, on the last day of the month, the individual is participating in a strike;

(5) on behalf of any individual who is the principal earner in an assistance unit whose eligibility is based on the unemployment of a parent when the principal earner, without good cause, fails or refuses to seek work, to participate in the job search program under section 256.736, or a community work experience program under section 256.737 if this program is available and participation is mandatory in the county, to accept employment, or to register with a public employment office, unless the principal earner is exempt from these work requirements.

Sec. 3. Minnesota Statutes 1988, section 256.736, subdivision 1a, is amended to read:

Subd. 1a. [DEFINITIONS.] As used in this section and section 256.7365, the following words have the meanings given them:

(a) "AFDC" means aid to families with dependent children.

(b) "AFDC-UP" means that group of AFDC clients who are eligible for assistance by reason of unemployment as defined by the commissioner under section 256.12, subdivision 14.

(c) "Caretaker" means a parent or eligible adult, *including a pregnant woman*, who is part of the assistance unit that has applied for or is receiving AFDC.

(d) "Employment and training services" means programs, activities, and services related to job training ~~and~~, job placement, *and job creation*, including job service programs, job training partnership act programs, wage subsidies, remedial and secondary education programs, post-secondary education programs excluding education leading to a post-baccalaureate degree, vocational education programs, ~~work incentive programs~~, work readiness programs, ~~employment~~ job search, *counseling, case management*, community work experience programs, displaced homemaker programs, self-employment programs, grant diversion, employment experience programs, youth employment programs, community investment programs, ~~supported work programs~~, refugee employment and training programs, and counseling and support activities necessary to stabilize the caretaker or the family.

(e) "Employment and training service provider" means ~~an administrative entity a public, private, or nonprofit agency~~ certified by the commissioner of jobs and training to deliver employment and training services under section 268.0122, subdivision 3 *and section 268.871, subdivision 1*.

(f) "Minor parent" means a caretaker relative who is the parent of the dependent child or children in the assistance unit and who is under the age of 18.

(g) "Priority groups" or "priority caretakers" means recipients of AFDC or AFDC-UP designated as priorities for employment and training services under subdivision ~~2a~~ 16.

(h) "*Suitable employment*" means employment which:

- (1) *is within the recipient's physical and mental capacity;*
- (2) *meets health and safety standards established by the Occupational Safety and Health Administration and the department of jobs and training;*
- (3) *pays hourly gross earnings which are not less than the federal or state minimum wage for that type of employment, whichever is applicable;*
- (4) *does not result in a net loss of income. Employment results in a net loss of income when the income remaining after subtracting necessary work-related expenses from the family's gross income, which includes cash assistance, is less than the cash assistance the family was receiving at the time the offer of employment was made. For purposes of this definition, "work expenses" means the amount withheld or paid for; state and federal income taxes; social security withholding taxes; mandatory retirement fund deductions; dependent care costs; transportation costs to and from work at the amount allowed by the Internal Revenue Service for personal car mileage; costs of work uniforms, union dues, and medical insurance premiums; costs of tools and equipment used on the job; \$1 per work day for the costs of meals eaten during employment; public liability insurance required by an employer when an automobile is used in employment and the cost is not reimbursed by the employer; and the amount paid by an employee from personal funds for business costs which are not reimbursed*

by the employer;

(5) offers a job vacancy which is not the result of a strike, lockout, or other bona fide labor dispute;

(6) requires a round trip commuting time from the recipient's residence of less than two hours by available transportation, exclusive of the time to transport children to and from child care;

(7) does not require the recipient to leave children under age 12 unattended in order to work, or if child care is required, such care is available; and

(8) does not discriminate at the job site on the basis of age, sex, race, color, creed, marital status, status with regard to public assistance, disability, religion, or place of national origin.

(i) "Support services" means programs, activities, and services intended to stabilize families and individuals or provide assistance for family needs related to employment or participation in employment and training services, including child care, transportation, housing assistance, personal and family counseling, crisis intervention services, peer support groups, chemical dependency counseling and treatment, money management assistance, and parenting skill courses.

Sec. 4. Minnesota Statutes 1989 Supplement, section 256.736, subdivision 3, is amended to read:

Subd. 3. [REGISTRATION.] (a) To the extent permissible under federal law, every caretaker or child is required to register for employment and training services, as a condition of receiving AFDC, unless the caretaker or child is:

(1) a child who is under age 16, a child age 16 or 17 who is attending elementary or secondary school or a secondary level vocational or technical school full time;

(2) ill, incapacitated, or age 60 or older;

(3) a person for whom participation in an employment and training service would require a round trip commuting time by available transportation of more than two hours;

(4) a person whose presence in the home is required because of illness or incapacity of another member of the household;

(5) a caretaker or other caretaker relative of a child under the age of three who personally provides full-time care for the child. *In AFDC-UP cases, only one parent or other relative may qualify for this exemption;*

(6) a caretaker or other caretaker relative personally providing care for a child under six years of age, except that when child care is arranged for or provided, the caretaker or caretaker relative may be required to register and participate in employment and training services up to a maximum of 20 hours per week. *In AFDC-UP cases, only one parent or other relative may qualify for this exemption;*

~~(7) a caretaker if another adult relative in the assistance unit is registered and has not, without good cause, failed or refused to participate or accept employment;~~

~~(8) a pregnant woman, if it has been medically verified that the child is~~

expected to be born in the current month or within the next six months; or

~~(9) (8) employed at least 30 hours per week; or.~~

~~(10) a parent who is not the principal earner if the parent who is the principal earner is required to register.~~

(b) To the extent permissible by federal law, applicants for benefits under the AFDC program are registered for employment and training services by signing the application form. Applicants must be informed that they are registering for employment and training services by signing the form. Persons receiving benefits on or after July 1, 1987, shall register for employment and training services to the extent permissible by federal law. The caretaker has a right to a fair hearing under section 256.045 with respect to the appropriateness of the registration.

Sec. 5. Minnesota Statutes 1988, section 256.736, subdivision 3a, is amended to read:

Subd. 3a. [PARTICIPATION.] ~~Caretakers in priority groups must participate in employment and training services under this section to the extent permissible under federal law. However, no assistance unit may be sanctioned for a caretaker's failure to participate in employment and training services under this section if failure results from inadequate funding for employment and training services. (a) Except as provided under paragraphs (b) and (c), participation in employment and training services under this section is limited to the following recipients:~~

*(1) caretakers who are required to participate in a job search under subdivision 14;*

*(2) custodial parents who are subject to the school attendance or case management participation requirements under subdivision 3b;*

*(3) caretakers whose participation in employment and training services began prior to May 1, 1990, if the caretaker's AFDC eligibility has not been interrupted for 30 days or more and the caretaker's employability development plan has not been completed;*

*(4) recipients who are members of a family in which the youngest child is within two years of being ineligible for AFDC due to age;*

*(5) effective September 1, 1990, custodial parents under the age of 22 who: (i) have not completed a high school education and who, at the time of application for AFDC, were not enrolled in high school or in a high school equivalency program; or (ii) have had little or no work experience in the preceding year;*

*(6) recipients who have received AFDC for 48 or more months out of the last 60 months;*

*(7) recipients who are participants in the self-employment investment demonstration project under section 268.95; and*

*(8) recipients who participate in the new chance research and demonstration project under contract with the department of human services.*

*(b) If the commissioner determines that participation of persons listed in paragraph (a) in employment and training services is insufficient either to meet federal performance targets or to fully utilize funds appropriated under this section, the commissioner may, after notifying the chairs of the senate and house health and human services committees, the health and*



*human services division of the senate finance committee, and the health and human services division of the house appropriations committee, permit additional groups of recipients to participate until the next meeting of the legislative advisory commission, after which the additional groups may continue to enroll for participation unless the legislative advisory commission disapproves the continued enrollment. The commissioner shall allow participation of additional groups in the following order only as needed to meet performance targets or fully utilize funding for employment and training services under this section:*

*(1) recipients who have received at least 42 months of AFDC out of the previous 60 months;*

*(2) custodial parents under the age of 24 who meet the criteria in paragraph (a), clause (5), subclause (i) or (ii);*

*(3) recipients who have received at least 36 months of AFDC out of the previous 60 months;*

*(4) recipients who have received 24 or more months of AFDC out of the previous 48 months; and*

*(5) recipients who have not completed a high school education or a high school equivalency program.*

*(c) To the extent of money appropriated specifically for this paragraph, the commissioner may permit AFDC caretakers who are not eligible for participation in employment and training services under the provisions of paragraphs (a) or (b), to participate. Money must be allocated to county agencies based on the county's percentage of participants statewide in services under this section in the prior calendar year. Counties must provide equal or greater services to participants enrolled under this paragraph, as measured in average per client expenditures, as provided to other participants in employment and training services under this section. Caretakers must be selected on a first-come, first-served basis from a waiting list of caretakers who volunteer to participate. The commissioner may, on a quarterly basis, reallocate unused allocations to county agencies that have sufficient volunteers. If funding under this paragraph is discontinued in future fiscal years, caretakers who began participating under this paragraph must be deemed eligible under paragraph (a), clause (3).*

Sec. 6. Minnesota Statutes 1989 Supplement, section 256.736, subdivision 3b, is amended to read:

Subd. 3b. [MANDATORY ASSESSMENT AND SCHOOL ATTENDANCE FOR CERTAIN CUSTODIAL PARENTS.] This subdivision applies to the extent permitted under federal law and regulation.

(a) [DEFINITIONS.] The definitions in this paragraph apply to this subdivision.

(1) "Custodial parent" means a recipient of AFDC who is the natural or adoptive parent of a child living with the custodial 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) [ASSESSMENT AND PLAN; REQUIREMENT; CONTENT.] The county agency must examine the educational level of each custodial parent under the age of 20 to determine if the recipient has completed a high school education or its equivalent. If the custodial parent has not completed a high school education or its equivalent and is not exempt from the requirement to attend school under paragraph (c), the county agency must complete an individual assessment for the custodial parent. The assessment must be performed as soon as possible but within 60 days of determining AFDC eligibility for the custodial parent. The assessment must provide an initial examination of the custodial parent's educational progress and needs, literacy level, child care and supportive service needs, family circumstances, skills, and work experience. In the case of a custodial parent under the age of 18, the assessment must also consider the results of the early and periodic screening, diagnosis and treatment (EPSDT) screening, if available, and the effect of a child's development and educational needs on the parent's ability to participate in the program. The county agency must advise the parent that the parent's first goal must be to complete an appropriate educational option if one is identified for the parent through the assessment and, in consultation with educational agencies, must review the various school completion options with the parent and assist the parent in selecting the most appropriate option.

(c) [RESPONSIBILITY FOR ASSESSMENT AND PLAN.] For custodial parents who are under age 18, the assessment and the employability plan must be completed by the county social services agency, as specified in section 257.33. For custodial parents who are age 18 or 19, the assessment and employability plan must be completed by the case manager. The social services agency or the case manager shall consult with representatives of educational agencies required to assist in developing educational plans under section 126.235.

(d) [EDUCATION DETERMINED TO BE APPROPRIATE.] If the case manager or county social services agency identifies an appropriate educational option, it must develop an employability plan in consultation with the custodial parent which reflects the assessment. The plan must specify that participation in an educational activity is required, what school or educational program is most appropriate, the services that will be provided, the activities the parent will take part in including child care and supportive services, the consequences to the custodial parent for failing to participate or comply with the specified requirements, and the right to appeal any adverse action. The employability plan must, to the extent possible, reflect the preferences of the participant.

(e) [EDUCATION DETERMINED TO BE NOT APPROPRIATE.] If the case manager determines that there is no appropriate educational option for a custodial parent who is age 18 or 19, the case manager shall indicate the reasons for the determination. The case manager shall then notify the county agency which must refer the custodial parent to case management services under subdivision 11 for completion of an employability plan and services. If the custodial parent fails to participate or cooperate with case management services and does not have good cause for the failure, the

county agency shall apply the sanctions listed in subdivision 4, beginning with the first payment month after issuance of notice. If the county social services agency determines that school attendance is not appropriate for a custodial parent under age 18, the county agency shall refer the custodial parent to social services for services as provided in section 257.33.

(f) [SCHOOL ATTENDANCE REQUIRED.] Notwithstanding subdivision 3, a custodial parent must attend school if all of the following apply:

- (1) the custodial parent is less than 20 years of age;
- (2) transportation services needed to enable the custodial parent to attend school are available;
- (3) licensed or legal nonlicensed child care services needed to enable the custodial parent to attend school are available;
- (4) the custodial parent has not already received a high school diploma or its equivalent; and
- (5) the custodial parent is not exempt because the custodial parent:
  - (i) is ill or incapacitated seriously enough to prevent him or her from attending school;
  - (ii) is needed in the home because of the illness or incapacity of another member of the household; this includes a custodial parent of a child who is younger than six weeks of age;
  - (iii) works 30 or more hours a week; or
  - (iv) is pregnant if it has been medically verified that the child's birth is expected ~~in the current month or~~ within the next six months.

(g) [ENROLLMENT AND ATTENDANCE.] The custodial parent must be enrolled in school and meeting the school's attendance requirements. The custodial parent is considered to be attending when he or she is enrolled but the school is not in regular session, including during holiday and summer breaks.

(h) [GOOD CAUSE FOR NOT ATTENDING SCHOOL.] The local agency shall not impose the sanctions in subdivision 4 if it determines that a custodial parent has good cause for not being enrolled or for not meeting the school's attendance requirements. 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 local agency has verified that the only available school program requires round trip commuting time from the custodial 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.

(2) Good cause exists when the custodial parent has indicated a desire to attend school, but the public school system is not providing for his or her education and alternative programs are not available.

(i) [FAILURE TO COMPLY.] The case manager and social services agency shall establish ongoing contact with appropriate school staff to monitor problems that custodial parents may have in pursuing their educational plan and shall jointly seek solutions to prevent parents from failing to complete education. If the school notifies the local agency that the

custodial parent is not enrolled or is not meeting the school's attendance requirements, or appears to be facing barriers to completing education, the information must be conveyed to the case manager for a custodial parent age 18 or 19, or to the social services agency for a custodial parent under age 18. The case manager or social services agency shall reassess the appropriateness of school attendance as specified in paragraph (f). If after consultation, school attendance is still appropriate and the case manager or social services agency determines that the custodial parent has failed to enroll or is not meeting the school's attendance requirements and the custodial parent does not have good cause, the case manager or social services agency shall inform the custodial parent's financial worker who shall apply the sanctions listed in subdivision 4 beginning with the first payment month after issuance of notice.

(j) [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.

(k) [SOCIAL SERVICES.] When a custodial parent under the age of 18 has failed to attend school, is not exempt, and does not have good cause, the local agency shall refer the custodial parent to the social services agency for services, as provided in section 257.33.

(l) [VERIFICATION.] No less often than quarterly, the financial worker must verify that the custodial parent is meeting the requirements of this subdivision. Notwithstanding section 13.32, subdivision 3, when the local agency notifies the school that a custodial parent is subject to this subdivision, the school must furnish verification of school enrollment, attendance, and progress to the local agency. The county agency must not impose the sanctions in paragraph (i) if the school fails to cooperate in providing verification of the minor parent's education, attendance, or progress.

Sec. 7. Minnesota Statutes 1989 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) 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~~

(3) Provide that the county board shall impose the sanctions in clause (4) when the county board:

(a) determines that a custodial parent under the age of 16 who is required to attend school under subdivision 3b has, without good cause, failed to attend school; *or*

(b) 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~~

~~(e) determines that a caretaker has, without good cause, failed to attend orientation.~~

(4) To the extent permissible by federal law, impose the following sanctions for a recipient's failure to participate in ~~required education, orientation,~~ or the requirements of subdivision 3b or 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;

(5) Provide that the county board shall impose the sanctions in clause (6) when the county board:

(a) determines 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, through the job search program described in subdivision 14, or the ~~community work experience program described in section 256.737~~ provisions of an employability development plan if the caretaker is a custodial parent age 18 or 19 and subject to the requirements of subdivision 3b, a bona fide offer of public or other employment; ~~or~~

(b) determines that a custodial parent aged 16 to 19 who is required to attend school under subdivision 3b has, without good cause, failed to enroll or attend school; ~~or~~

*(c) determines that a caretaker has, without good cause, failed to attend orientation;*

(6) To the extent required by federal law, ~~the following sanctions must be imposed~~ *impose the following sanctions* for a recipient's failure to participate in required employment and training services, to accept a bona fide offer of public or other employment, ~~or to enroll or attend school under subdivision 3b,~~ *or to attend orientation:*

(a) For the first failure, the needs of the noncompliant individual shall not be taken into account in making the grant determination, until the individual complies with the requirements;

(b) For the second failure, the needs of the noncompliant individual shall not be taken into account in making the grant determination until the individual complies with the requirement or for three consecutive months, whichever is longer;

(c) For subsequent failures, the needs of the noncompliant individual shall not be taken into account in making the grant determination until the individual complies with the requirement or for six consecutive months, whichever is longer;

(d) Aid with respect to a dependent child ~~will be denied if a child who fails to participate is the only child receiving aid in the family.~~ *who has*

*been sanctioned under this paragraph shall be continued for the parent or parents of the child if the child is the only child receiving aid in the family, the child continues to meet the conditions of section 256.73, and the family is otherwise eligible for aid;*

(e) If the noncompliant individual is a parent or other relative caretaker, payments of aid for any dependent child in the family must be made in the form of protective or vendor payments. When protective payments are required, the county agency may continue payments to the caretaker if a protective payee cannot reasonably be found. When protective payments are imposed on assistance units whose basis of eligibility is unemployed parent or incarcerated parent, cash payments may continue to the nonsanctioned caretaker in the assistance unit, subject to ~~clause (f);~~ paragraph (g);

~~(f) If, after removing a caretaker's needs from the grant, the standard of assistance applicable to 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; only dependent children remain eligible for AFDC, the standard of assistance shall be computed using the special children standard;~~

~~(f) (g) If the noncompliant individual is a parent or other caretaker of principal wage earner in a family whose basis of eligibility is the unemployment of a parent and the noncompliant individual's spouse nonprincipal wage earner is not participating in an approved employment and training service, the needs of both the spouse principal and nonprincipal wage earner must not be taken into account in making the grant determination; and~~

(7) Request approval from the secretary of health and human services to use vendor payment sanctions for persons listed in paragraph (5), clause (b). If approval is granted, the commissioner must begin using vendor payment sanctions as soon as changes to the state plan are approved.

Sec. 8. Minnesota Statutes 1989 Supplement, section 256.736, subdivision 10, is amended to read:

Subd. 10. [COUNTY DUTIES.] (a) To the extent of available state appropriations, county boards shall:

(1) refer all ~~priority~~ mandatory and eligible volunteer caretakers required to register under subdivision 3 to an employment and training service provider for participation in employment and training services;

(2) identify to the employment and training service provider caretakers who fall into the priority groups;

(3) provide all caretakers with an orientation which meets the requirements in subdivisions 10a and 10b;

(4) work with the employment and training service provider to encourage voluntary participation by caretakers in the priority groups;

(5) work with the employment and training service provider to collect data as required by the commissioner;

(6) to the extent permissible under federal law, require all caretakers coming into the AFDC program to attend orientation;

(7) encourage nonpriority caretakers to develop a plan to obtain self-sufficiency;

(8) notify the commissioner of the caretakers required to participate in employment and training services;

(9) inform appropriate caretakers of opportunities available through the head start program and encourage caretakers to have their children screened for enrollment in the program where appropriate;

(10) provide transportation assistance using ~~the employment special needs fund or other~~ available funds to caretakers who participate in employment and training programs, ~~with priority for services to caretakers in priority groups~~;

(11) ensure that orientation, ~~employment~~ job search, *services to custodial parents under the age of 20*, and case management services are made available to appropriate caretakers under this section, except that payment for case management services is governed by subdivision 13;

(12) explain in its local service unit plan under section 268.88 how it will ensure that priority caretakers determined to be in need of social services are provided with such social services. The plan must specify how the case manager and the county social service workers will ensure delivery of needed services;

(13) to the extent allowed by federal laws and regulations, provide a job search program as defined in subdivision 14 and at least one of the following employment and training services: community work experience program (CWEP) as defined in section 256.737, grant diversion as defined in section ~~268.86~~ 256.739, on-the-job training as defined in section 256.738, or another work and training program approved by the commissioner and the secretary of the United States Department of Health and Human Services. Planning and approval for employment and training services listed in this clause must be obtained through submission of the local service unit plan as specified under section 268.88. Each county is urged to adopt grant diversion as the second program required under this clause;

(14) ~~prior to participation~~, provide an assessment of each AFDC recipient who is required or volunteers to participate in ~~one of the an approved~~ employment and training services ~~specified in clause (13) service, including job search, and to recipients who volunteer for participation in case management under subdivision 14~~. The assessment must include an evaluation of the participant's (i) educational, child care, and other supportive service needs; (ii) skills and prior work experience; and (iii) ability to secure and retain a job which, when wages are added to child support, will support the participant's family. The assessment must also include a review of the results of the early and periodic screening, diagnosis and treatment (EPSDT) screening and preschool screening under chapter 123, if available; the participant's family circumstances; and, in the case of a custodial parent under the age of 18, a review of the effect of a child's development and educational needs on the parent's ability to participate in the program;

(15) develop an employability development plan for each recipient for whom an assessment is required under clause (14) which: (i) reflects the assessment required by clause 14; (ii) takes into consideration the recipient's physical capacity, skills, experience, health and safety, family responsibilities, place of residence, proficiency, child care and other supportive service needs; (iii) is based on available resources and local employment opportunities; (iv) specifies the services to be provided by the employment and

training service provider; (v) specifies the activities the recipient will participate in; (vi) specifies necessary supportive services such as child care; (vii) to the extent possible, reflects the preferences of the participant; and (viii) specifies the recipient's *long-term* employment goal *which shall lead to self-sufficiency*; and

(16) assure that no work assignment under this section or sections 256.737 ~~and~~, 256.738, ~~and~~ 256.739 results in: (i) termination, layoff, or reduction of the work hours of an employee for the purpose of hiring an individual under this section or sections 256.737 ~~and~~, 256.738, ~~and~~ 256.739; (ii) the hiring of an individual if any other person is on layoff from the same or a substantially equivalent job; (iii) any infringement of the promotional opportunities of any currently employed individual; (iv) the impairment of existing contracts for services or collective bargaining agreements; or (v) *except for on-the-job training under section 256.738*, a participant filling an established unfilled position vacancy.

(b) Funds available under this subdivision may not be used to assist, promote, or deter union organizing.

(c) A county board may provide other employment and training services that it considers necessary to help caretakers obtain self-sufficiency.

(d) Notwithstanding section 256G.07, when a priority caretaker relocates to another county to implement the provisions of the caretaker's case management contract or other written employability development plan approved by the county human service agency ~~or~~, its case manager *or employment and training service provider*, the county that approved the plan is responsible for the costs of case management, ~~child care~~, and other services required to carry out the plan, *including employment and training services*. The county agency's responsibility for the costs ends when all plan obligations have been met, when the caretaker loses AFDC eligibility for at least 30 days, or when approval of the plan is withdrawn for a reason stated in the plan, whichever occurs first. *Responsibility for the costs of child care must be determined under chapter 256H*. A county human service agency may pay for the costs of case management, child care, and other services required in an approved employability development plan when the nonpriority caretaker relocates to another county or when a priority caretaker again becomes eligible for AFDC after having been ineligible for at least 30 days.

Sec. 9. Minnesota Statutes 1989 Supplement, section 256.736, subdivision 10a, is amended to read:

Subd. 10a. [ORIENTATION.] (a) Each county agency must provide an orientation to all caretakers within its jurisdiction who are determined eligible for AFDC on or after July 1, 1989, and who are required to attend an orientation. The county agency shall require attendance at orientation of all caretakers except ~~those who are~~:

(1) ~~physically disabled, mentally ill, or developmentally disabled and whose condition has or is expected to continue for at least 90 days and will prevent participation in educational programs or employment and training services;~~

(2) ~~aged 60 or older;~~

(3) ~~currently employed in unsubsidized employment that is expected to continue at least 30 days and that provides an average of at least 30 hours~~



of employment per week; or

(4) currently employed in subsidized employment that is expected to continue at least 30 days and that provides an average of at least 30 hours of employment per week and is expected to result in full-time permanent employment.

(1) caretakers who are exempt from registration under subdivision 3; and

(2) caretakers who are not a member of one of the groups listed in subdivision 3a, paragraph (a), and who are either responsible for the care of an incapacitated person or a dependent child under the age of six or enrolled at least half time in any recognized school, training program, or institution of higher learning. The county agency shall require attendance at orientation of caretakers described in subdivision 3a, paragraph (b), of this section if they become eligible for participation in employment and training services.

(b) Except as provided in paragraph (e) below, the orientation must consist of a presentation that informs caretakers of:

(1) the identity, location, and phone numbers of employment and training and support services available in the county;

(2) the types and locations of child care services available through the county agency that are accessible to enable a caretaker to participate in educational programs or employment and training services;

(3) the availability of assistance for participants to help select appropriate child care services and that, on request, assistance will be provided to select appropriate child care services child care resource and referral program designated by the commissioner providing education and assistance to select child care services and a referral to the child care resource and referral when assistance is requested;

(4) the obligations of the county agency and service providers under contract to the county agency;

(5) the rights, responsibilities, and obligations of participants;

(6) the grounds for exemption from mandatory employment and training services or educational requirements;

(7) the consequences for failure to participate in mandatory services or requirements;

(8) the method of entering educational programs or employment and training services available through the county; and

(9) the availability and the benefits of the early and periodic, screening, diagnosis and treatment (EPSDT) program and preschool screening under chapter 123;

(10) their eligibility for transition year child care assistance when they lose eligibility for AFDC due to their earnings; and

(11) their eligibility for extended medical assistance when they lose eligibility for AFDC due to their earnings.

(c) Orientation must encourage recipients to view AFDC as a temporary program providing grants and services to individuals who set goals and develop strategies for supporting their families without AFDC assistance.

The content of the orientation must not imply that a recipient's eligibility for AFDC is time limited. Orientation may be provided through audio-visual methods, but the caretaker must be given an opportunity for face-to-face interaction with staff of the county agency or the entity providing the orientation, and an opportunity to express the desire to participate in educational programs and employment and training services offered through the county agency.

(d) County agencies shall not require caretakers to attend orientation for more than three hours during any period of 12 continuous months. The local agency shall also arrange for or provide needed transportation and child care to enable caretakers to attend.

(e) *Orientation for caretakers not eligible for participation in employment and training services under the provisions of subdivision 3a, paragraphs (a) and (b) shall present information only on those employment, training, and support services available to those caretakers, and information on clauses (2), (3), (9), (10), and (11) of paragraph (a) and all of paragraph (c), and may not last more than two hours.*

(f) *Persons required to attend orientation must be informed of the penalties for failure to attend orientation, support services to enable the person to attend, what constitutes good cause for failure to attend, and rights to appeal. Persons required to attend orientation must be offered a choice of at least two dates for their first scheduled orientation. No person may be sanctioned for failure to attend orientation until after a second failure to attend.*

Sec. 10. Minnesota Statutes 1989 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:~~ *The county agency may, to the extent of available resources, enroll priority caretakers described in subdivision 16 in case management services and for those enrolled shall:*

(1) Provide an assessment as described in subdivision 10, paragraph (a), clause (14). As part of the assessment, the case manager shall inform caretakers of the screenings available through the early periodic screening, diagnosis and treatment (EPSDT) program under chapter 256B and pre-school screening under chapter 123, and encourage caretakers to have their children screened. The case manager must work with the caretaker in completing this task;

(2) Develop an employability development plan as described in subdivision 10, paragraph (a), clause (15). 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 should be to complete literacy training or a general equivalency 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). The case manager shall refer caretakers to resource and referral services, if available, and shall assist caretakers in securing appropriate child care services. 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 equivalency 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 be based upon the employability development plan described in subdivision 10, paragraph (a), clause (15), ~~and but must be a separate document.~~ It must include: (a) specific goals of the caretaker including stated measurements of progress toward each goal, *the estimated length of participation in the program, and the number of hours of participation per week*; (b) ~~specific educational, training, and employment activities and support services~~ provided by the county agency, *including child care*; and (c) *the participant's obligations and the conditions under which the county will withdraw the services provided*;

The contract *must be signed and dated by the case manager and participant, and may include other terms as desired or needed by either party.* In all cases, however, the case manager must *assist the participant in reviewing and understanding the contract, and 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), clause (4), considers all factors set forth in section 257.33, subdivision 2;

(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 their need for training in parenting and independent living skills and when appropriate shall refer 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. 11. Minnesota Statutes 1989 Supplement, section 256.736, subdivision 14, is amended to read:

Subd. 14. [JOB SEARCH.] (a) The commissioner of human services shall establish a job search program under Public Law Number 100-485.

*Unless exempt, the principal wage earner in an AFDC-UP assistance unit must be referred to ~~and must begin participation in~~ the job search program within 30 days of being determined eligible for AFDC, and must begin participation within four months of being determined eligible for AFDC-UP unless. The principal wage earner is exempt from job search participation if:*

(1) the caretaker is already participating in another approved employment and training service;

(2) the caretaker's employability plan specifies other activities;

(3) the caretaker is exempt from registration under subdivision 3; or

(4) the caretaker is unable to secure employment due to inability to communicate in the English language, is participating in an English as a second language course, and is making satisfactory progress towards completion of the course. If an English as a second language course is not available to the caretaker, the caretaker is exempt from participation until a course becomes available.

(b) The job search program must provide the following services:

(1) an initial period of up to four weeks of job search activities for not more than 32 hours per week. The employment and training service provider shall specify for each participating caretaker the number of weeks and hours of job search to be conducted and shall report to the county board if the caretaker fails to cooperate with the ~~employment~~ job search requirement; and

(2) an additional period of job search following the first period at the discretion of the employment and training service provider. The total of these two periods of job search may not exceed eight weeks for any 12 consecutive month period beginning with the month of application.

(c) The ~~employment~~ job search program may provide services to non-AFDC-UP caretakers.

Sec. 12. Minnesota Statutes 1989 Supplement, section 256.736, subdivision 16, is amended to read:

Subd. 16. [ALLOCATION AND USE OF MONEY.] (a) State money appropriated for employment and training services under this section must be allocated to counties ~~as follows:~~ as specified in paragraphs (b) to (i).

(b) For purposes of this section, "priority caretaker" means a recipient who:

(1) is a custodial parent under the age of 24 who: (i) has not completed a high school education and at the time of application for AFDC is not enrolled in high school or in a high school equivalency program; or (ii) had little or no work experience in the preceding year;

(2) is a member of a family in which the youngest child is within two years of being ineligible for AFDC due to age; or

(3) has received 36 months or more of AFDC over the last 60 months.

(c) One hundred percent of the money appropriated for case management services as described in subdivision 11 must be allocated to counties based on the average number of cases in each county described in clause (1). Money appropriated for employment and training services as described in

*subdivision 1a, paragraph (d), other than case management services, must be allocated to counties as follows:*

(1) Forty percent of the state money must be allocated based on the average monthly number of ~~caretakers cases~~ receiving AFDC in the county who are under age 21 and the average monthly number of AFDC cases open in the county for 24 or more consecutive months and residing in the county for the 12-month period ending December 31 of the previous fiscal year which either have been open for 36 or more consecutive months or have a caretaker who is under age 24 and who has no high school or general equivalency diploma. The average number of cases must be based on counts of these cases as of March 31, June 30, September 30, and December 31 of the previous year.

(2) Twenty percent of the state money must be allocated based on the average monthly number of ~~nonpriority caretakers cases~~ receiving AFDC in the county for the period ending December 31 of the previous fiscal year which are not counted under clause (1). The average number of cases must be based on counts of cases as of March 31, June 30, September 30, and December 31 of the previous year. Funds may be used to develop employability plans for nonpriority caretakers if resources allow.

(3) Twenty-five percent of the state money must be allocated based on the average monthly number of assistance units in the county receiving AFDC-UP for the period ending December 31 of the previous fiscal year.

(4) Fifteen percent of the state money must be allocated at the discretion of the commissioner based on participation levels for priority group members in each county.

~~(b)~~ (d) No more than 15 percent of the money allocated under paragraph ~~(a)~~ (b) and no more than 15 percent of the money allocated under paragraph (c) may be used for administrative activities.

~~(c)~~ ~~Except as provided in paragraph (d),~~ (e) At least ~~70~~ 55 percent of the money allocated to counties under clause (c) must be used for ~~case management services~~ and employment and training services for caretakers in the priority groups, and up to ~~30~~ 45 percent of the money may be used for ~~employment search activities~~ and employment and training services for nonpriority caretakers. One hundred percent of the money allocated to counties for case management services must be used to provide those services to caretakers in the priority groups.

~~(d)~~ A county having a high proportion of nonpriority caretakers that interferes with the county's ability to meet the 70 percent spending requirement of paragraph (e) may, with the approval of the commissioner of human services, use up to 40 percent of the money allocated under this section for orientation and employment and training services for nonpriority caretakers.

~~(e)~~ (f) Money appropriated to cover the nonfederal share of costs for bilingual case management services to refugees for the employment and training programs under this section are allocated to counties based on each county's proportion of the total statewide number of AFDC refugee cases. However, counties with less than one percent of the statewide number of AFDC refugee cases do not receive an allocation.

~~(f)~~ (g) Counties and the department of jobs and training shall bill the commissioner of human services for any expenditures incurred by the

county, the county's employment and training service provider, or the department of jobs and training that may be reimbursed by federal money. The commissioner of human services shall bill the United States Department of Health and Human Services and the United States Department of Agriculture for the reimbursement and appropriate the reimbursed money to the county, *the department of jobs and training*, or employment and training service provider that submitted the original bill. The reimbursed money must be used to expand employment and training services.

~~(g)~~ (h) The commissioner of human services shall review county expenditures of case management and employment and training block grant money at the end of the fourth quarter of the biennium and each quarter after that, and may reallocate unencumbered or unexpended money allocated under this section to those counties that can demonstrate a need for additional money. Reallocation of funds must be based on the formula set forth in paragraph (a), excluding the counties that have not demonstrated a need for additional funds.

*(i) The county agency may continue to provide case management and supportive services to a participant for up to 90 days after the participant loses AFDC eligibility, and may continue providing a specific employment and training service for the duration of that service to a participant if funds for the service are obligated or expended prior to the participant losing AFDC eligibility.*

Sec. 13. Minnesota Statutes 1989 Supplement, section 256.736, subdivision 18, is amended to read:

Subd. 18. [PROGRAM OPERATION BY INDIAN TRIBES.] (a) The commissioner may enter into agreements with any federally recognized Indian tribe with a reservation in the state to provide employment and training programs under this section to members of the Indian tribe receiving AFDC. For purposes of this section, "Indian tribe" means a tribe, band, nation, or other organized group or community of Indians that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians; and for which a reservation exists as is consistent with Public Law Number 100-485, as amended.

(b) Agreements entered into under this subdivision must require the governing body of the Indian tribe to fulfill all county responsibilities required under this section in operation of the employment and training services covered by the contract, excluding the county share of costs in subdivision 13 and any county function related to AFDC eligibility determination or grant payment. The commissioner may enter into an agreement with a consortium of Indian tribes providing the governing body of each Indian tribe in the consortium agrees to these conditions.

(c) Agreements entered into under this subdivision must require the Indian tribe to operate the employment and training services within a geographic service area not to exceed the counties within which a border of the reservation falls. Indian tribes may also operate services in Hennepin and Ramsey counties or other geographic areas as approved by the commissioner of human services in consultation with the commissioner of jobs and training.

(d) Agreements entered into under this section must require the Indian tribe to operate a federal jobs program under Public Law Number 100-485, section 482(i).

(e) Agreements entered into under this section must require conformity with section 13.46 and any applicable federal regulations in the use of data about AFDC recipients.

(f) Agreements entered into under this section must require financial and program participant activity record keeping and reporting in the manner and using the forms and procedures specified by the commissioner and that federal reimbursement received must be used to expand operation of the employment and training services.

(g) Agreements entered into under this section must require that the Indian tribe coordinate operation of the programs with county employment and training programs, Indian Job Training Partnership Act programs, and educational programs in the counties in which the tribal unit's program operates.

(h) Agreements entered into under this section must require the Indian tribe to allow inspection of program operations and records by representatives of the department.

(i) Agreements entered into under this subdivision must require the Indian tribe to ~~contract with an~~ *have its* employment and training service provider certified by the commissioner of jobs and training for operation of the programs, ~~or become certified itself.~~

(j) Agreements entered into under this subdivision must require the Indian tribe to specify a starting date for each program with a procedure to enable tribal members participating in county-operated employment and training services to make the transition to the program operated by the tribal unit. Programs must begin on the first day of a month specified by the agreement.

(k) If the commissioner and Indian tribe enter into an agreement, the commissioner, *after consulting with the commissioner of jobs and training regarding tribal plan status*, may immediately reallocate county case management and employment and training block grant money from the counties in the Indian tribe's service area to the Indian tribe, prorating each county's annual allocations according to that percentage of the number of *adult* tribal unit members receiving AFDC residing in the county compared to the total number of *adult* AFDC recipients residing in the county and also prorating the annual allocation according to the month in which the Indian tribe program starts. If the Indian tribe cancels the agreement or fails, in the commissioner's judgment, to fulfill any requirement of the agreement, the commissioner shall reallocate money back to the counties in the Indian tribe's service area.

(l) Indian tribe members receiving AFDC and residing in the service area of an Indian tribe operating employment and training services under an agreement with the commissioner must be referred by county agencies in the service area to the Indian tribe for employment and training services.

(m) The Indian tribe shall bill the commissioner of human services for services performed under the contract. The commissioner shall bill the United States Department of Health and Human Services for reimbursement. Federal receipts are appropriated to the commissioner to be provided to the Indian tribe that submitted the original bill.

Sec. 14. Minnesota Statutes 1988, section 256.7365, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purpose of this section, the following

terms have the meanings given them.

(a) "Substantial barriers to employment" means disabilities, chemical dependency, having children with disabilities, lack of a high school degree, lack of a marketable occupational skill, three or more children, or lack of regular work experience in the previous five years.

(b) "Case management" means case management as defined in *section 256.736*, subdivision 11.

Sec. 15. Minnesota Statutes 1989 Supplement, section 256.737, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] In order that persons receiving aid under this chapter may be assisted in achieving self-sufficiency by enhancing their employability through meaningful work experience and training and the development of job search skills, the commissioner of human services shall continue the pilot community work experience demonstration programs that were approved by January 1, 1984. The commissioner may establish additional community work experience programs in as many counties as necessary to comply with the participation requirements of the Family Support Act of 1988, Public Law Number 100-485. Programs established on or after July 1, 1989, must be operated on a volunteer basis, *and must be operated according to the Family Support Act of 1988, Public Law Number 100-485.*

Sec. 16. Minnesota Statutes 1989 Supplement, section 256.737, subdivision 1a, is amended to read:

Subd. 1a. [COMMISSIONER'S DUTIES.] The commissioner shall: (a) assist counties in the design and implementation of these programs; (b) promulgate, in accordance with chapter 14, emergency rules necessary for the implementation of this section, except that the time restrictions of section 14.35 shall not apply and the rules may be in effect until June 30, ~~1990~~ 1993, unless superseded by permanent rules; (c) seek any federal waivers necessary for proper implementation of this section in accordance with federal law; and (d) prohibit the use of participants in the programs to do work that was part or all of the duties or responsibilities of an authorized public employee position established as of January 1, 1989. The exclusive bargaining representative shall be notified no less than 14 days in advance of any placement by the community work experience program. Concurrence with respect to job duties of persons placed under the community work experience program shall be obtained from the appropriate exclusive bargaining representative. The appropriate oversight committee shall be given monthly lists of all job placements under a community work experience program.

Sec. 17. Minnesota Statutes 1989 Supplement, section 256.737, subdivision 2, is amended to read:

Subd. 2. [PROGRAM REQUIREMENTS.] (a) Programs under this section are limited to projects that serve a useful public service such as: health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety and child care. To the extent possible, the prior training, skills, and experience of a recipient must be used in making appropriate work experience assignments.

(b) As a condition to placing a person receiving aid to families with



dependent children in a program under this subdivision, the county agency shall first provide the recipient the opportunity to participate in the following services:

(1) placement in suitable subsidized or unsubsidized employment through participation in job search under section 256.736, subdivision 14; or

(2) basic educational or vocational or occupational training for an identifiable job opportunity.

(c) ~~If the A recipient refuses who has completed a job search under section 256.736, subdivision 14, who is unable to secure suitable employment, and a who is not enrolled in an approved training program, the county agency may, subject to subdivision 1, require the recipient to participate in a community work experience program as a condition of eligibility.~~

(d) The county agency shall limit the maximum number of hours any participant under this section may be ~~required~~ to work in any month to a number equal to the amount of the aid to families with dependent children payable to the family divided by the greater of the federal minimum wage or the applicable state minimum wage.

(e) After a participant has been assigned to a position under this section for nine months, the participant may not ~~be required~~ to continue in that assignment unless the maximum number of hours a participant ~~is required to work~~ works is no greater than the amount of the aid to families with dependent children payable with respect to the family divided by the higher of (1) the federal minimum wage or the applicable state minimum wage, whichever is greater, or (2) the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site.

(f) After each six months of a recipient's participation in an assignment, and at the conclusion of each assignment under this section, the county agency shall reassess and revise, as appropriate, each participant's employability development plan.

~~(g) The county agency shall apply the grant reduction sanctions specified in section 256.736, subdivision 4, clause (6), when it is determined that a mandatory participant has failed, without good cause, to participate in the program.~~

Sec. 18. [256.739] [GRANT DIVERSION.]

(a) *County agencies may, according to section 256.736, subdivision 10, develop grant diversion programs that permit voluntary participation by AFDC recipients. A county agency that chooses to provide grant diversion as one of its optional employment and training services may divert to an employer part or all of the AFDC payment for the participant's assistance unit, in compliance with federal regulations and laws. Such payments to an employer are to subsidize employment for AFDC recipients as an alternative to public assistance payments.*

(b) *County agencies shall limit the length of training to nine months. Placement in a grant diversion training position with an employer is for the purpose of training and employment with the same employer, who has agreed to retain the person upon satisfactory completion of training.*

(c) *Placement of any recipient in a grant diversion subsidized training*

*position must be compatible with the assessment and employability development plan established for the recipient under section 256.736, subdivision 10, paragraph (a), clauses (14) and (15).*

*(d) No grant diversion participant may be assigned to fill any established, unfilled position vacancy with an employer.*

*(e) In addition to diverting the AFDC grant to the employer, employment and training block grant funds may be used to subsidize the grant diversion placement.*

Sec. 19. Minnesota Statutes 1988, 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 *unless paid by the state agency. Payment must be by check or electronic means* 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. *At the request of a recipient, the state or county may make payments directly to vendors of goods and services, but only for goods and services appropriate to maintain the health and safety of the child, as determined by the county.*

(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 256.017.

Sec. 20. Minnesota Statutes 1989 Supplement, section 256D.01, subdivision 1a, is amended to read:

Subd. 1a. [STANDARDS.] (a) 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.

(b) 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 must also be increased by the same percentage.

(c) For an assistance unit consisting of a single adult who lives with a parent or parents, the general assistance standard of assistance is 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, except that the standard may 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, may not be counted in the determination of eligibility or benefit level for the assistance unit. Except as provided below, the assistance unit is ineligible for general assistance if the available resources or the countable income of the assistance unit and the parent or parents with whom the assistance unit lives are such that a family consisting of the assistance unit's parent or parents, the parent or parents' other family members and the 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, the calculation methods, income deductions, exclusions, and disregards used when calculating the countable income for a single adult or childless couple must be used.

(d) For an assistance unit consisting of a childless couple, the standards of assistance are the same as 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, the standard of assistance for the other is the second adult standard of the aid to families with dependent children program.

(e) For an assistance unit consisting of all members of a family, the standards of assistance are the same as the standards of assistance that apply 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 are the same as the standards of assistance that apply to an assistance unit composed of the entire family, less the standards of assistance for 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. ~~However, 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 is the same as the special child standard of the aid to families with dependent children program. In no case shall the standard for family members who are in the assistance unit for general assistance, when combined with the standard for family members who are not in the general assistance unit, total more than the standard for the entire family if all members were in an AFDC assistance unit.~~ A child may 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. The income of a child who is excluded from the assistance unit may not be counted in the determination of eligibility or benefit level for the assistance unit.

(f) *An assistance unit consisting of one or more members of a family must have its grant determined using the policies and procedures of the aid to families with dependent children program. However, the standard of assistance must be determined according to paragraph (e), the first \$50 of total child support received by an assistance unit in a month must be*

*excluded and the balance counted as unearned income, and nonrecurring lump sums received by the family must be considered income in the month received and a resource in the following months.*

Sec. 21. Minnesota Statutes 1988, section 256D.01, is amended by adding a subdivision to read:

*Subd. 1d. [RULES REGARDING EMERGENCY ASSISTANCE.] In order to maximize the use of federal funds, the commissioner shall adopt rules, to the extent permitted by federal law, for eligibility for the emergency assistance program under aid to families with dependent children, and under the terms of sections 256D.01 to 256D.21 for general assistance, to require use of the emergency program under aid to families with dependent children as the primary financial resource when available. The commissioner shall adopt rules for eligibility for general assistance of persons with seasonal income and may attribute seasonal income to other periods not in excess of one year from receipt by an applicant or recipient. General assistance payments may not be made for foster care, child welfare services, or other social services. Vendor payments and vouchers may be issued only as authorized in sections 256D.05, subdivision 6, and 256D.09.*

Sec. 22. Minnesota Statutes 1988, section 256D.02, subdivision 5, is amended to read:

Subd. 5. "Family" means the following persons who live together: a ~~minor child or a group of minor children related to each other as siblings, half siblings, or stepsiblings, together with their natural or adoptive parents, their stepparents, or their legal custodians, and any other minor children of whom an adult member of the family is a legal custodian.~~ applicant or recipient and the following persons who reside with the applicant or recipient:

- (1) the applicant's spouse;*
- (2) any minor child of whom the applicant is a parent, stepparent, or legal custodian, and that child's minor siblings, including half-siblings and step-siblings;*
- (3) the other parent of the applicant's minor child or children together with that parent's minor children, and, if that parent is a minor, his or her parents, stepparents, legal guardians, and minor siblings; and*
- (4) if the applicant or recipient is a minor, the minor's parents, stepparents, or legal guardians, and any other minor children for whom those parents, stepparents, or legal guardians are financially responsible.*

*A "family" must contain at least one minor child and at least one of that child's natural or adoptive parents, stepparents, or legal custodians.*

Sec. 23. Minnesota Statutes 1988, section 256D.02, subdivision 8, is amended to read:

Subd. 8. "Income" means any form of income, including remuneration for services performed as an employee and net earnings from self-employment, reduced by the amount attributable to employment expenses as defined by the commissioner. The amount attributable to employment expenses shall include amounts paid or withheld for federal and state personal income taxes and federal social security taxes.

"Income" includes any payments received as an annuity, retirement, or disability benefit, including veteran's or workers' compensation; old age,

survivors, and disability insurance; railroad retirement benefits; unemployment benefits; and benefits under any federally aided categorical assistance program, supplementary security income, or other assistance program; rents, dividends, interest and royalties; and support and maintenance payments. Such payments may not be considered as available to meet the needs of any person other than the person for whose benefit they are received, unless that person is a family member or a spouse and the income is not excluded under section 256D.01, subdivision 1a. Goods and services provided in lieu of cash payment shall be excluded from the definition of income, except that payments made for room, board, tuition or fees by a parent, on behalf of a child enrolled as a full-time student in a post-secondary institution, *and payments made on behalf of an applicant or recipient which the applicant or recipient could legally require to be paid in cash to himself or herself*, must be included as income.

Sec. 24. Minnesota Statutes 1988, section 256D.02, subdivision 12, is amended to read:

Subd. 12. "~~Local~~ County agency" means the agency designated by the county board of commissioners, human services boards, county welfare boards in the several counties of the state or multicounty welfare boards or departments where those have been established in accordance with law.

Sec. 25. Minnesota Statutes Second 1989 Supplement, section 256D.03, subdivision 2, is amended to read:

Subd. 2. After December 31, 1980, 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 256.017 and except that, ~~after December 31, 1987 until January 1, 1991~~, state aid is reduced to 65 percent of all work readiness assistance 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.051.

~~After December 31, 1986, state aid must be paid to local agencies for 65 percent of work readiness assistance paid under section 256D.051 if the county does not have an approved and operating community investment program.~~

Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of local agency expenditures made under this subdivision from January 1, 1991, on. Payment to counties under this subdivision is subject to the provisions of section 256.017.

Sec. 26. Minnesota Statutes 1989 Supplement, section 256D.051, subdivision 1a, is amended to read:

Subd. 1a. [WORK READINESS PAYMENTS.] (a) Grants of work readiness shall be determined using the standards of assistance, exclusions, disregards, and procedures which are used in the general assistance program. Work readiness shall be granted in an amount that, when added to the nonexempt income actually available to the assistance unit, the total amount equals the applicable standard of assistance.

(b) Work readiness payments must be provided to persons determined eligible for the work readiness program as provided in this subdivision

except when the special payment provisions in subdivision 1b are utilized. The initial payment must be prorated to provide assistance for the period beginning with the date the completed application is received by the county agency or the date the assistance unit meets all work readiness eligibility factors, whichever is later, and ending on the final day of that month. The amount of the first payment must be determined by dividing the number of days to be covered under the payment by the number of days in the month, to determine the percentage of days in the month that are covered by the payment, and multiplying the monthly payment amount by this percentage. Subsequent payments must be paid monthly on the first day of each month.

~~There shall be an initial certification period which shall begin on the date the completed application is received by the county agency or the date that the assistance unit meets all work readiness eligibility factors, whichever is later, and ending on the date that mandatory registrants in the assistance unit must attend a work readiness orientation. This initial certification period may not cover a period in excess of 30 calendar days. All mandatory registrants in the assistance unit must be informed of the period of certification, the requirement to attend orientation, and that work readiness eligibility will end at the end of the certification period unless the registrants attend orientation. A registrant who fails to comply with requirements during the certification period, including attendance at orientation, will lose work readiness eligibility without notice under section 256D.101, subdivision 1, paragraph (b).~~

*At the time the county agency notifies the assistance unit that it is eligible for work readiness assistance, the county agency must inform all mandatory registrants in the assistance unit that they must attend an orientation within 30 days, and that work readiness eligibility will end at the end of the month in which the orientation is scheduled unless the registrants attend orientation. A registrant who fails, without good cause, to comply with requirements during this time period, including attendance at orientation, will lose work readiness eligibility without notice under section 256D.101, subdivision 1, paragraph (b). The registrant shall, however, be sent a notice, on or before the date that eligibility ends, which informs the registrant that work readiness eligibility has ended in accordance with this section for failure to comply with work readiness requirements. The notice shall set forth the factual basis for such determination, and advises the registrant of the right to reinstate eligibility upon a showing of good cause for the failure to meet the requirements. Subsequent assistance must not be issued unless the person completes an application, is determined eligible, and attends an orientation, or demonstrates that the person had good cause for failing to comply with the requirement.*

Sec. 27. Minnesota Statutes 1989 Supplement, section 256D.051, subdivision 1b, is amended to read:

Subd. 1b. [SPECIAL PAYMENT PROVISIONS.] A county agency may, at its option, provide work readiness payments as provided under section 256D.05, subdivision 6, during the initial certification period prorated to cover only an initial certification period. The initial certification period shall cover the time from the date the completed application is received by the county agency or the date that the assistance unit meets all work readiness eligibility factors, whichever is later, and ending on the date that mandatory registrants in the assistance unit must attend a work readiness orientation. This initial certification period may not cover a period in excess

of 30 calendar days. All mandatory registrants in the assistance unit must be informed of the period of certification, the requirement to attend orientation, and that work readiness eligibility will end at the end of the certification period unless the registrants attend orientation. A registrant who fails, *without good cause*, to comply with requirements during the certification period, including attendance at orientation, will lose work readiness eligibility without notice under section 256D.101, subdivision 1, paragraph (b). *The registrant shall, however, be sent a notice, on or before the date that eligibility ends, which informs the registrant that work readiness eligibility has ended in accordance with this section for failure to comply with work readiness requirements. The notice shall set forth the factual basis for such determination, and advises the registrant of the right to reinstate eligibility upon a showing of good cause for the failure to meet the requirements.* If all mandatory registrants attend orientation, an additional grant of work readiness assistance must be issued to cover the period beginning the day after the scheduled orientation and ending on the final day of that month. Subsequent payments of work readiness shall be governed by subdivision 1a or section 256D.05, subdivision 6. If one or more mandatory registrants from the assistance unit fail to attend the orientation, those who failed to attend orientation will be removed from the assistance unit without further notice and shall be ineligible for additional assistance. Subsequent assistance to such persons shall be dependent upon the person completing application for assistance ~~and~~, being determined eligible, *and attending an orientation or demonstrating that the person had good cause for failing to comply with the requirement.*

A local agency that utilizes the provisions in this subdivision must implement the provisions consistently for all applicants or recipients in the county. A local agency must pay emergency general assistance to a registrant whose prorated work readiness payment does not meet emergency needs. ~~A local agency which elects to pay work readiness assistance on a prorated basis under this subdivision may not provide payments under section 256D.05, subdivision 6, for the same time period.~~ *A county agency may, at its option, provide work readiness payments as provided under section 256D.05, subdivision 6, during the initial certification period.*

Sec. 28. Minnesota Statutes 1989 Supplement, section 256D.051, subdivision 2, is amended to read:

Subd. 2. [LOCAL AGENCY DUTIES.] (a) The local agency shall provide to registrants a work readiness program. The work readiness program must include:

- (1) orientation to the work readiness program;
- (2) an individualized employability assessment and development plan that includes assessment of literacy, ability to communicate in the English language, eligibility for displaced homemaker services under section 268.96, educational history, and that estimates the length of time it will take the registrant to obtain employment. The employability assessment and development plan *must be completed in consultation with the registrant*, must assess the registrant's assets, barriers, and strengths, and must identify steps necessary to overcome barriers to employment;
- (3) referral to available accredited remedial or skills training programs designed to address registrant's barriers to employment;
- (4) referral to available programs including the Minnesota employment

and economic development program;

(5) a job search program, including job seeking skills training; and

(6) other activities, ~~including public employment experience programs~~ to the extent of available resources designed by the local agency to prepare the registrant for permanent employment.

*The work readiness program may include a public sector or nonprofit work experience component only if the component is established according to section 268.90.*

In order to allow time for job search, the local agency may not require an individual to participate in the work readiness program for more than 32 hours a week. The local agency shall require an individual to spend at least eight hours a week in job search or other work readiness program activities.

(b) The local agency shall prepare an annual plan for the operation of its work readiness program. The plan must be submitted to and approved by the commissioner of jobs and training. The plan must include:

(1) a description of the services to be offered by the local agency;

(2) a plan to coordinate the activities of all public entities providing employment-related services in order to avoid duplication of effort and to provide services more efficiently;

(3) a description of the factors that will be taken into account when determining a client's employability development plan; and

(4) provisions to assure that applicants and recipients are evaluated for eligibility for general assistance prior to termination from the work readiness program.

Sec. 29. Minnesota Statutes 1989 Supplement, section 256D.051, subdivision 3, is amended to read:

Subd. 3. [REGISTRANT DUTIES.] In order to receive work readiness assistance, a registrant shall: (1) cooperate with the local agency in all aspects of the work readiness program; (2) accept any suitable employment, including employment offered through the job training partnership act, Minnesota employment and economic development act, and other employment and training options; and (3) participate in work readiness activities assigned by the local agency. The local agency may terminate assistance to a registrant who fails to cooperate in the work readiness program, as provided in subdivision ~~3b~~ 3c.

Sec. 30. Minnesota Statutes 1989 Supplement, section 256D.051, subdivision 8, is amended to read:

Subd. 8. [VOLUNTARY QUIT.] A person is not eligible for work readiness payments or services if, without good cause, the person refuses a legitimate offer of, *or quits*, suitable employment within 60 days before the date of application. A person who, without good cause, voluntarily quits suitable employment or refuses a legitimate offer of suitable employment while receiving work readiness payments or services shall be terminated from the work readiness program and disqualified for two months according to rules adopted by the commissioner.

Sec. 31. Minnesota Statutes 1988, section 256D.052, subdivision 5, is amended to read:



Subd. 5. [REASSESSMENT AND LITERACY REFERRAL.] ~~(a)~~ When a person is no longer functionally illiterate under rules adopted by the commissioner or is terminated for failure to comply with literacy training requirements, the local agency must assess the person's eligibility for general assistance under the remaining provisions of section 256D.05, subdivision 1, paragraph (a). The local agency must refer to the work readiness program under section 256D.051 all people not eligible for general assistance.

~~(b) The local agency may also refer for voluntary work readiness services all recipients who reach a level of literacy that may allow successful participation in job training, provided that the job training does not interfere with a recipient's participation in literacy training. However, referral under this clause does not affect general assistance eligibility.~~

Sec. 32. Minnesota Statutes 1988, section 256D.06, subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of subdivision 1, a grant of general assistance shall be made to an eligible individual, married couple, or family for an emergency need, as defined in rules promulgated by the commissioner, where the recipient requests temporary assistance not exceeding 30 days if an emergency situation appears to exist and the individual is ineligible for the program of emergency assistance under aid to families with dependent children and is not a recipient of aid to families with dependent children at the time of application hereunder. ~~If a~~ *an applicant or recipient* relates facts to the local agency which may be sufficient to constitute an emergency situation, the local agency shall advise the ~~recipient person~~ *person* of the procedure for applying for assistance pursuant to this subdivision.

Sec. 33. Minnesota Statutes 1989 Supplement, section 256D.09, subdivision 2a, is amended to read:

Subd. 2a. [REPRESENTATIVE PAYEE.] Notwithstanding subdivision 1, the commissioner shall adopt rules, and may adopt emergency rules, governing the assignment of a representative payee and management of the general assistance *or work readiness assistance* grant of a drug dependent person as defined in section 254A.02, subdivision 5. The representative payee is responsible for deciding how the drug dependent person's benefits can best be used to meet that person's needs. The determination of drug dependency must be made by an assessor qualified under Minnesota Rules, part 9530.6615, subpart 2, to perform an assessment of chemical use. Upon receipt of the assessor's determination of drug dependency, the county shall determine whether a representative payee will be assigned to manage the person's benefits. The chemical use assessment, *the decision to refer a person for the assessment*, and the county determination of *whether a representative payee will be assigned* are subject to the administrative and judicial review provisions of section 256.045. *However, notwithstanding any provision of section 256.045 to the contrary, an applicant or recipient who is referred for an assessment and is otherwise eligible to receive a general assistance or work readiness benefit, may only be provided with emergency general assistance or vendor payments pending the outcome of an administrative or judicial review.* If, at the time of application or at any other time, there is a reasonable basis for questioning whether a person ~~can responsibly manage that person's money due to possible~~ *is drug dependent*, the person may be referred for a chemical health assessment, and only emergency assistance payments or general assistance vendor

payments may be provided until the assessment is complete *and the results of the assessment made available to the county agency. A reasonable basis for questioning whether a person is drug dependent exists when:*

*(1) the person has required detoxification two or more times in the past 12 months;*

*(2) the person appears intoxicated at the county agency as indicated by two or more of the following:*

*(i) the odor of alcohol;*

*(ii) slurred speech;*

*(iii) disconjugate gaze;*

*(iv) impaired balance;*

*(v) difficulty remaining awake;*

*(vi) consumption of alcohol;*

*(vii) responding to sights or sounds that are not actually present;*

*(viii) extreme restlessness, fast speech, or unusual belligerence;*

*(3) the person has been involuntarily committed for drug dependency at least once in the past 12 months; or*

*(4) the person has received treatment, including domiciliary care, for drug abuse or dependency at least twice in the past 12 months.*

The assignment to representative payee status must be reviewed at least every 12 months. The county agency shall designate the representative payee after consultation with the recipient. The county agency shall select the representative payee from appropriate individuals, or public or non-profit agencies, including those suggested by the recipient, but the county agency's designation of representative payee ~~is~~ prevails, subject to the administrative and judicial review provisions of section 256.045.

Sec. 34. Minnesota Statutes 1989 Supplement, section 256H.01, subdivision 7, is amended to read:

Subd. 7. [EDUCATION PROGRAM.] "Education program" means remedial or basic education or English as a second language instruction, a program leading to a general equivalency or high school diploma, *post-secondary programs excluding postbaccalaureate programs*, and other education and training needs as documented in an employability plan that is developed by an employment and training service provider certified by the commissioner of jobs and training or an individual designated by the county to provide employment and training services. The employability plan must outline education and training needs of a recipient, meet state requirements for employability plans, *meet the requirements of Minnesota Rules, parts 9565.5000 to 9565.5200* and meet the requirements of other programs that provide federal reimbursement for child care services. ~~The county must incorporate into a recipient's employability plan an educational plan developed by a post-secondary institution for a nonpriority AFDC recipient who is enrolled or planning to enroll at that institution.~~

Sec. 35. Minnesota Statutes 1989 Supplement, section 256H.01, subdivision 8, is amended to read:

Subd. 8. [EMPLOYMENT PROGRAM.] "Employment program" means

employment of recipients financially eligible for child care assistance, preemployment activities, or other activities approved in an employability plan that is developed by an employment and training service provider certified by the commissioner of jobs and training or an individual designated by the county to provide employment and training services. The plans must meet the requirements of *Minnesota Rules, parts 9565.5000 to 9565.5200*, and other programs that provide federal reimbursement for child care services.

Sec. 36. Minnesota Statutes 1989 Supplement, section 256H.01, subdivision 12, is amended to read:

Subd. 12. [PROVIDER.] "Provider" means a child care license holder who operates a family day care home, a group family day care home, a day care center, a nursery school, a day nursery, an extended day school age child care program; a person exempt from licensure who meets child care standards established by the state board of education; or a legal nonlicensed caregiver who is at least 18 years of age, *and who is not a member of the AFDC assistance unit.*

Sec. 37. Minnesota Statutes 1988, section 256H.01, is amended by adding a subdivision to read:

Subd. 16. [TRANSITION YEAR FAMILIES.] "*Transition year families*" means families who lose eligibility for AFDC due to increased hours of employment, increased income from employment, or the loss of income disregards due to time limitations, as provided under Public Law Number 100-485.

Sec. 38. Minnesota Statutes 1988, section 256H.01, is amended by adding a subdivision to read:

Subd. 17. [CHILD CARE FUND.] "*Child care fund*" means a program providing:

- (1) financial assistance for child care to parents engaged in employment or education and training leading to employment; and
- (2) grants to develop, expand, and improve the access and availability of child care services statewide.

Sec. 39. Minnesota Statutes 1989 Supplement, section 256H.03, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION; LIMITATIONS.] The commissioner shall allocate ~~66 percent~~ of the money appropriated under the child care fund for the basic sliding fee program and shall allocate those funds between the metropolitan area, comprising the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and the area outside the metropolitan area as follows:

- (1) 50 percent of the money shall be allocated among the counties on the basis of the number of families below the poverty level, as determined from the most recent census or special census; and
- (2) 50 percent of the money shall be allocated among the counties on the basis of the counties' portion of the AFDC caseload for the preceding state fiscal year.

If, under the preceding formula, either the seven-county metropolitan area consisting of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and

Washington counties or the area consisting of counties outside the seven-county metropolitan area is allocated more than 55 percent of the basic sliding fee funds, each county's allocation in that area shall be proportionally reduced until the total for the area is no more than 55 percent of the basic sliding fee funds. The amount of the allocations proportionally reduced shall be used to proportionally increase each county's allocation in the other area.

Sec. 40. Minnesota Statutes 1989 Supplement, section 256H.03, subdivision 2a, is amended to read:

Subd. 2a. [ELIGIBLE RECIPIENTS.] Families that meet the eligibility requirements under sections 256H.10, *except AFDC recipients and transition year families*, and 256H.11 are eligible for child care assistance under the basic sliding fee program. *From July 1, 1990, to June 30, 1991, a county may not accept new applications for the basic sliding fee program unless the county can demonstrate that its state money expenditures for the basic sliding fee program for this period will not exceed 95 percent of the county's allocation of state money for the fiscal year ending June 30, 1990. As basic sliding fee program money becomes available to serve new families, eligible families whose benefits were terminated during the fiscal year ending June 30, 1990, for reasons other than loss of eligibility shall be reinstated. Families enrolled in the basic sliding fee program as of July 1, 1990, shall be continued until they are no longer eligible.* Counties shall make vendor payments to the child care provider or pay the parent directly for eligible child care expenses on a reimbursement basis.

Sec. 41. Minnesota Statutes 1989 Supplement, section 256H.03, subdivision 2b, is amended to read:

Subd. 2b. [FUNDING PRIORITY.] (a) First priority for child care assistance under the basic sliding fee program must be given to eligible ~~recipients non-AFDC families~~ who do not have a high school or general equivalency diploma or who need remedial and basic skill courses in order to pursue employment or to pursue education leading to employment. ~~Priority for child care assistance under the basic sliding fee program must be given to non-AFDC families for this first priority unless a county can demonstrate that funds available in the AFDC child care program allocation are inadequate to serve all AFDC families needing child care services.~~ Within this priority, the following subpriorities must be used:

- (1) child care needs of minor parents;
- (2) child care needs of parents under 21 years of age; and
- (3) child care needs of other parents within the priority group described in this paragraph.

(b) Second priority must be given to all other parents who are eligible for the basic sliding fee program.

Sec. 42. Minnesota Statutes 1989 Supplement, section 256H.05, subdivision 1b, is amended to read:

Subd. 1b. [ELIGIBLE RECIPIENTS.] Families eligible for *guaranteed* child care assistance under the AFDC child care program are ~~families receiving AFDC and former AFDC recipients who, during their first year of employment, continue to require a child care subsidy in order to retain employment. The commissioner shall designate between 20 to 60 percent of the AFDC child care program as the minimum to be reserved for AFDC~~

recipients in an educational program. If a family meets the eligibility requirements of the AFDC child care program and the caregiver has an approved employability plan that meets the requirements of appropriate federal reimbursement programs, that family is eligible for child care assistance.:

(1) persons receiving services under section 256.736;

(2) AFDC recipients who are employed; and

(3) persons who are members of transition year families under section 256H.01, subdivision 16.

Sec. 43. Minnesota Statutes 1989 Supplement, section 256H.05, subdivision 1c, is amended to read:

Subd. 1c. [FUNDING PRIORITY.] Priority for child care assistance under the AFDC child care program shall be given to AFDC priority groups who are engaged in an employment or education program consistent with their employability plan. If the AFDC recipient is employed, the AFDC child care disregard shall be applied before the remaining child care costs are subsidized by the AFDC child care program. AFDC recipients leaving AFDC due to their earned income, who have been on AFDC three out of the last six months and who apply for child care assistance under subdivision 1b within the first year after leaving AFDC, shall be entitled to one year of child care subsidies during the first year of employment. AFDC recipients must be put on a waiting list for the basic sliding fee program when they leave AFDC due to their earned income.

Sec. 44. Minnesota Statutes 1989 Supplement, section 256H.05, subdivision 2, is amended to read:

Subd. 2. [COOPERATION WITH OTHER PROGRAMS.] The county shall develop cooperative agreements with the employment and training service provider for coordination of child care funding with employment, training, and education programs for all AFDC recipients who receive services under section 256.736. The cooperative agreement shall specify that individuals receiving employment, training, and education services under an employability plan from the employment and training service provider shall, as resources permit, be guaranteed child care assistance from the county of their residence responsible for the current employability development plan.

Sec. 45. Minnesota Statutes 1989 Supplement, section 256H.05, subdivision 5, is amended to read:

Subd. 5. [FEDERAL REIMBURSEMENT.] Counties shall maximize their federal reimbursement under the AFDC special needs program Public Law Number 100-485 or other federal reimbursement programs for money spent for persons listed in this section and section 256H.03. The commissioner shall allocate any federal earnings to the county to be used to expand child care services under these sections.

Sec. 46. Minnesota Statutes 1989 Supplement, section 256H.08, is amended to read:

256H.08 [USE OF MONEY.]

Money for persons listed in sections 256H.03, subdivision 2a, and 256H.05, subdivision 1b, shall be used to reduce the costs of child care for students, including the costs of child care for students while employed if enrolled

in an eligible education program at the same time and making satisfactory progress towards completion of the program. Counties may not limit the duration of child care subsidies for a person in an employment or educational program, except when the person is found to be ineligible under the child care fund eligibility standards. Any limitation must be based on a person's employability plan in the case of an AFDC recipient, and county policies included in the child care allocation plan. *Time limitations for child care assistance, as specified in Minnesota Rules, parts 9565.5000 to 9565.5200, do not apply to basic or remedial educational programs needed to prepare for post-secondary education or employment. These programs include: high school, general equivalency diploma, and English as a second language. Programs exempt from this time limit must not run concurrently with a post-secondary program.* Financially eligible students who have received child care assistance for one academic year shall be provided child care assistance in the following academic year if funds allocated under sections 256H.03 and 256H.05. *If a student an AFDC recipient who is receiving AFDC child care assistance under this chapter moves to another county as specified authorized in their employability plan, continues to be enrolled in a post-secondary institution, and continues to be eligible for AFDC child care assistance under this chapter, the student must receive continued child care assistance from their county of origin without interruption to the limit of the county's allocation participate in educational or training programs authorized in their employability development plans, and continues to be eligible for AFDC child care assistance under this chapter, the AFDC caretaker must receive continued child care assistance from the county responsible for their current employability development plan, without interruption.*

Sec. 47. Minnesota Statutes 1989 Supplement, section 256H.09, subdivision 1, is amended to read:

Subdivision 1. [QUARTERLY REPORTS.] The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). Counties shall submit on forms prescribed by the commissioner a quarterly financial and program activity report. The failure to submit a complete report by the end of the quarter in which the report is due may result in a reduction of child care fund allocations equal to the next quarter's allocation. The financial and program activity report must include:

(1) a detailed accounting of the expenditures and revenues for the program during the preceding quarter by funding source and by eligibility group;

(2) a description of activities and concomitant expenditures that are federally reimbursable under the AFDC employment special needs program and other federal reimbursement programs;

(3) a description of activities and concomitant expenditures of child care money;

(4) information on money encumbered at the quarter's end but not yet reimbursable, for use in adjusting allocations as provided in sections section 256H.03, subdivision 3, and 256H.05, subdivision 1a; and

(5) other data the commissioner considers necessary to account for the program or to evaluate its effectiveness in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children.

Sec. 48. Minnesota Statutes 1988, section 256H.10, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY FACTORS.] 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:

(a) receive aid to families with dependent children *and are receiving employment and training services under section 256.736*;

(b) have household income below the eligibility levels for aid to families with dependent children; or

(c) have household income within a range established by the commissioner.

(d) 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.

Sec. 49. Minnesota Statutes 1989 Supplement, section 256H.10, subdivision 3, is amended to read:

Subd. 3. [PRIORITIES; ALLOCATIONS.] ~~If more than 75 percent of the available money is provided to any one of the groups described in section 256H.03 or 256H.05, the county board shall document to the commissioner the reason the group received a disproportionate share unless approved in the plan.~~ 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 that remain to be served after the county has complied with the priority requirements of ~~sections~~ section 256H.03 and 256H.05. Counties that have established a priority for non-AFDC families beyond those established under section 256H.03 must submit the policy in the annual allocation plan.

Sec. 50. Minnesota Statutes 1988, section 256H.10, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY; ANNUAL INCOME; CALCULATION.] 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~~ or income calculated by the method which 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. 51. Minnesota Statutes 1989 Supplement, section 256H.11, subdivision 1, is amended to read:

Subdivision 1. [ASSISTANCE FOR PERSONS SEEKING AND RETAINING EMPLOYMENT.] Persons who are seeking employment and who are eligible for assistance under this section are eligible to receive the equivalent of up to one month of child care. Employed persons who work

at least ten hours a week and receive at least a minimum wage for all hours worked are eligible for continued child care assistance.

Sec. 52. Minnesota Statutes 1989 Supplement, section 256H.15, subdivision 1, is amended to read:

Subdivision 1. [SUBSIDY RESTRICTIONS.] *(a) Until June 30, 1991, the maximum child care rate is determined under this paragraph. The county board may limit the subsidy allowed by setting a maximum on the provider child care rate that the county shall subsidize. The maximum rate set by any county shall not be lower than 110 percent or higher than 125 percent of the median rate in that county for like care arrangements for all types of care, including special needs and handicapped care, as determined by the commissioner. If the county sets a maximum rate, it must pay the provider's rate for each child receiving a subsidy, up to the maximum rate set by the county. In order to be reimbursed for more than 110 percent of the median rate, a provider with employees must pay wages for teachers, assistants, and aides that are more than 110 percent of the county average rate for child care workers. If a county does not set a maximum provider rate, it shall pay the provider's rate for every child in care. The maximum state payment is 125 percent of the median provider rate. If the county has not set a maximum provider rate and the provider rate is greater than 125 percent of the median provider rate in the county, the county shall pay the amount in excess of 125 percent of the median provider rate from county funding sources. The county shall pay the provider's full charges for every child in care, up to the maximum established. The commissioner shall determine the maximum rate for each type of care, including special needs and handicapped care.*

*(b) Effective July 1, 1991, the maximum rate paid for child care assistance under the child care fund is the maximum rate eligible for federal reimbursement except as allowed under subdivision 2. The county shall pay the provider's full charges for every child in care, up to the maximum established. The commissioner shall determine the maximum rate for each type of care, including special needs and handicapped care.*

*(c) When the provider charge is greater than the maximum provider rate set by the county allowed, the parent is responsible for payment of the difference in the rates in addition to any family copayment fee.*

Sec. 53. Minnesota Statutes 1989 Supplement, section 256H.15, subdivision 2, is amended to read:

Subd. 2. [PROVIDER RATE BONUS FOR ACCREDITATION.] Currently accredited child care centers shall be paid a ~~five ten~~ percent bonus above the maximum rate established by the county in subdivision 1, if the center can demonstrate that its staff wages are greater than 110 percent of the average wages in the county for similar care, up to the actual provider rate. A family day care provider shall be paid a ~~five ten~~ percent bonus above the maximum rate established by the county in subdivision 1, if the provider holds a current ~~child early childhood development associate certificate credential approved by the commissioner~~, up to the actual provider rate. ~~A county is not required to review wages under this subdivision unless the county has set a maximum above 110 percent for all providers with employees in their county.~~

Sec. 54. Minnesota Statutes 1988, section 256H.17, is amended to read:

256H.17 [EXTENSION OF EMPLOYMENT OPPORTUNITIES.]



The county board shall insure that child care services available to ~~county~~ *eligible* residents are well advertised and that everyone who receives or applies for aid to families with dependent children is informed of training and employment opportunities and programs, including child care *assistance and child care resource and referral* services.

Sec. 55. Minnesota Statutes 1989 Supplement, section 256H.21, subdivision 9, is amended to read:

Subd. 9. [MINI-GRANTS.] "Mini-grants" means child care grants for facility improvements that are ~~less than~~ *up to* \$1,000. Mini-grants include, but are not limited to, improvements to meet licensing requirements, improvements to expand a child care facility or program, toys and equipment, start-up costs, staff training, and development costs.

Sec. 56. Minnesota Statutes 1989 Supplement, section 256H.22, subdivision 2, is amended to read:

Subd. 2. [DISTRIBUTION OF FUNDS.] (a) The commissioner shall allocate grant money appropriated for child care service ~~(development and resource and referral services)~~ among the development regions designated by the governor under section 462.385, as follows:

(1) 50 percent of the child care service development grant appropriation shall be allocated to the metropolitan ~~area~~ *economic development region*; and

(2) 50 percent of the child care service development grant appropriation shall be allocated to ~~greater Minnesota counties~~ *economic development regions other than the metropolitan economic development region*.

(b) The following formulas shall be used to allocate grant appropriations among the ~~counties~~ *economic development regions*:

(1) 50 percent of the funds shall be allocated in proportion to the ratio of children under 12 years of age in each ~~county~~ *economic development region* to the total number of children under 12 years of age in all ~~counties~~ *economic development regions*; and

(2) 50 percent of the funds shall be allocated in proportion to the ratio of children under 12 years of age in each ~~county~~ *economic development region* to the number of licensed child care spaces currently available in each ~~county~~ *economic development region*.

(c) Out of the amount allocated for each *economic development region and county*, the commissioner shall award grants based on the recommendation of the grant review advisory task force. In addition, the commissioner shall award no more than 75 percent of the money either to child care facilities for the purpose of facility improvement or interim financing or to child care workers for staff training expenses. ~~The commissioner shall award no more than 50 percent of the money for resource and referral services to maintain or improve an existing resource and referral until all regions are served by resource and referral programs.~~

(d) Any funds unobligated may be used by the commissioner to award grants to proposals that received funding recommendations by the advisory task force but were not awarded due to insufficient funds.

Sec. 57. Minnesota Statutes 1989 Supplement, section 256H.22, subdivision 3, is amended to read:

Subd. 3. [CHILD CARE REGIONAL ADVISORY COMMITTEES.] Child care regional advisory committees shall review and make recommendations to the commissioner on applications for service development grants under this section. The commissioner shall appoint the child care regional advisory committees in each governor's economic development regions. People appointed under this subdivision must represent the following constituent groups: family child care providers, group center providers, parent users, health services, social services, public schools, and other citizens with demonstrated interest in child care issues. Members of the advisory task force with a direct financial interest in a pending grant proposal may not provide a recommendation or participate in the ranking of that grant proposal. Committee members may be reimbursed for their actual travel, *child care, and child care provider substitute expenses* for up to six committee meetings per year. The child care regional advisory committees shall complete their reviews and forward their recommendations to the commissioner by the date specified by the commissioner.

Sec. 58. Minnesota Statutes 1989 Supplement, section 256H.22, subdivision 10, is amended to read:

Subd. 10. [ADVISORY TASK FORCE.] The commissioner shall convene a statewide advisory task force which shall advise the commissioner on grants and other child care issues. The statewide advisory task force shall review and make recommendations to the commissioner on child care resource and referral grants and on statewide *service development and child care training grants*. Members of the advisory task force with a direct financial interest in a resource and referral or a statewide training proposal may not provide a recommendation or participate in the ranking of that grant proposal. Each regional grant review committee formed under subdivision 3, shall appoint a representative to the advisory task force. The commissioner may convene meetings of the task force as needed. Terms of office and removal from office are governed by the appointing body. The commissioner may compensate members for their ~~expenses of travel to~~, *child care, and child care provider substitute expenses* for meetings of the task force. The members of the child care advisory task force shall also meet once with the interagency advisory committee on child care under section 256H.25.

Sec. 59. Minnesota Statutes 1989 Supplement, section 256I.05, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY RATES.] Monthly payments for rates negotiated by a county agency on behalf of a recipient living in a negotiated rate residence may be paid at the rates in effect on March 1, 1985, not to exceed \$919.80 in 1989. ~~These rates~~ *The maximum negotiated rate must be increased annually according to subdivision 7. The county agency may provide an annual increase in the March 1, 1985, payment rate using the formula in subdivision 7, provided the resulting rate does not exceed the maximum negotiated rate. The county agency may at any time negotiate a lower payment rate than the rate that would otherwise be paid under this subdivision and subdivision 7.*

Sec. 60. Minnesota Statutes 1989 Supplement, section 256I.05, subdivision 7, is amended to read:

Subd. 7. [RATE INCREASES.] The *maximum* 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. *A county may provide an annual negotiated rate increase that does not exceed the percentage increase in the maximum negotiated rate.*

Sec. 61. Minnesota Statutes 1989 Supplement, section 268.0111, subdivision 4, is amended to read:

Subd. 4. [EMPLOYMENT AND TRAINING SERVICES.] "Employment and training services" means programs, activities, and services related to job training, job placement, and job creation including job service programs, job training partnership act programs, wage subsidies, work readiness programs, job search, counseling, case management, community work experience programs, displaced homemaker programs, disadvantaged job training programs, grant diversion, employment experience programs, youth employment programs, conservation corps, apprenticeship programs, community investment programs, ~~supported work programs~~, community development corporations, economic development programs, and opportunities industrialization centers.

Sec. 62. Minnesota Statutes 1988, section 268.673, subdivision 3, is amended to read:

Subd. 3. [DEPARTMENT OF JOBS AND TRAINING.] The commissioner shall supervise wage subsidies and shall provide technical assistance to the ~~eligible~~ local service units for the purpose of delivering wage subsidies.

Sec. 63. Minnesota Statutes 1988, section 268.673, subdivision 5, is amended to read:

Subd. 5. [REPORT.] Each entity delivering wage subsidies shall report to the commissioner ~~and the coordinator~~ on a quarterly basis:

(1) the number of persons placed in private sector jobs, in temporary public sector jobs, or in other services;

(2) the outcome for each participant placed in a private sector job, in a temporary public sector job, or in another service;

(3) the number and type of employers employing persons under the program;

(4) the amount of money spent in each ~~eligible~~ local service unit for wages for each type of employment and each type of other expense;

(5) the age, educational experience, family status, gender, priority group status, race, and work experience of each person in the program;

(6) the amount of wages received by persons while in the program and 60 days after completing the program;

(7) for each classification of persons described in clause (5), the outcome of the wage subsidy placement, including length of time employed; nature of employment, whether private sector, temporary public sector, or other service; and the hourly wages; and

(8) any other information requested by the commissioner. Each report must include cumulative information, as well as information for each quarter.

Data collected on individuals under this subdivision are private data on individuals as defined in section 13.02, subdivision 12, except that summary data may be provided under section 13.05, subdivision 7.

Sec. 64. Minnesota Statutes 1988, section 268.6751, subdivision 1, is amended to read:

Subdivision 1. [WAGE SUBSIDIES.] Wage subsidy money must be allocated to ~~eligible~~ local service units in the following manner:

(a) The commissioner shall allocate 87.5 percent of the funds available for allocation to ~~eligible~~ local service units for wage subsidy programs as follows: the proportion of the wage subsidy money available to each ~~eligible~~ local service unit must be based on the number of unemployed persons in the ~~eligible~~ local service unit for the most recent six-month period and the number of work readiness assistance cases and aid to families with dependent children cases in the ~~eligible~~ local service unit for the most recent six-month period.

(b) Five percent of the money available for wage subsidy programs must be allocated at the discretion of the commissioner.

(c) Seven and one-half percent of the money available for wage subsidy programs must be allocated at the discretion of the commissioner to provide jobs for residents of federally recognized Indian reservations.

(d) By December 31 of each fiscal year, providers and local service units receiving wage subsidy money shall report to the commissioner on the use of allocated funds. The commissioner shall reallocate uncommitted funds for each fiscal year according to the formula in paragraph (a).

Sec. 65. Minnesota Statutes 1988, section 268.676, subdivision 2, is amended to read:

Subd. 2. [AMONG EMPLOYERS.] Allocation of funds among eligible employers within ~~an eligible~~ a local service unit shall give priority to funding private sector jobs to the extent that eligible businesses apply for funds. If possible, no more than 25 percent of the statewide funds available for wages may be allocated for temporary jobs with eligible government and nonprofit agencies, or for temporary community investment program jobs with eligible government agencies during the biennium. This subdivision does not apply to jobs for residents of federally recognized Indian reservations.

Sec. 66. Minnesota Statutes 1988, section 268.677, subdivision 2, is amended to read:

Subd. 2. Reimbursement to the commissioner for the costs of administering wage subsidies must not exceed one-half percent of the money appropriated. Reimbursement to an ~~eligible~~ local service unit for the costs of administering wage subsidies must not exceed five percent and for the purchase of supplies and materials necessary to create permanent improvements to public property must not exceed one percent of the money allocated to that local service unit. The commissioner and the ~~eligible~~ local service units shall reallocate money from other sources to cover the costs of administering wage subsidies whenever possible.

Sec. 67. Minnesota Statutes 1988, section 268.677, subdivision 3, is amended to read:

Subd. 3. ~~Eligible~~ Local service units may use up to 25 percent of their wage subsidy allocations to provide eligible applicants with job search assistance, labor market orientation, job seeking skills, necessary child care services, relocation, and transportation, and to subsidize fringe benefits.

Sec. 68. Minnesota Statutes 1988, section 268.678, is amended to read:  
268.678 ~~[ELIGIBLE LOCAL SERVICE UNITS; POWERS AND DUTIES.]~~

Subdivision 1. ~~[GENERAL POWERS.]~~ Eligible Local service units have the powers and duties given in this section and any additional duties given by the commissioner.

Subd. 3. ~~[OUTREACH.]~~ Each eligible local service unit shall publicize the availability of wage subsidies within its area to seek maximum participation by eligible job applicants and employers.

Subd. 4. ~~[CONTRACTS.]~~ Each eligible local service unit that has not agreed to a contract under section 268.673, subdivision 4a, may enter into contracts with certified service providers to deliver wage subsidies.

Subd. 5. ~~[SCREENING AND COORDINATION.]~~ Each eligible local service unit shall provide for the screening of job applicants and employers to achieve the best possible placement of eligible job applicants with eligible employers.

Subd. 6. ~~[ELIGIBLE JOB APPLICANT PRIORITY LISTS.]~~ Each eligible local service unit shall provide for the maintenance of a list of eligible job applicants unable to secure employment under the program at the time of application. The list shall prioritize eligible job applicants and shall be used to fill jobs with eligible employers as they become available.

Sec. 69. Minnesota Statutes 1988, section 268.681, subdivision 1, is amended to read:

Subdivision 1. ~~[ELIGIBLE BUSINESSES.]~~ A business employer is an eligible employer if it enters into a written contract, signed and subscribed to under oath, with an eligible local service unit or its contractor, containing assurances that:

(a) funds received by a business shall be used only as permitted under sections 268.672 to 268.682;

(b) the business has submitted information to the eligible local service unit or its contractor (1) describing the duties and proposed compensation of each employee proposed to be hired under the program; and (2) demonstrating that, with the funds provided under sections 268.672 to 268.682, the business is likely to succeed and continue to employ persons hired using wage subsidies;

(c) the business will use funds exclusively for compensation and fringe benefits of eligible job applicants and will provide employees hired with these funds with fringe benefits and other terms and conditions of employment comparable to those provided to other employees of the business who do comparable work;

(d) the funds are necessary to allow the business to begin, or to employ additional people, but not to fill positions which would be filled even in the absence of wage subsidies;

(e) the business will cooperate with the eligible local service unit and the commissioner in collecting data to assess the result of wage subsidies; and

(f) the business is in compliance with all applicable affirmative action, fair labor, health, safety, and environmental standards.

Sec. 70. Minnesota Statutes 1988, section 268.681, subdivision 2, is amended to read:

Subd. 2. [PRIORITIES.] (a) In allocating funds among eligible businesses, the eligible local service unit or its contractor shall give priority to:

- (1) businesses engaged in manufacturing;
- (2) nonretail businesses that are small businesses as defined in section 645.445; and
- (3) businesses that export products outside the state.

(b) In addition to paragraph (a), an eligible local service unit must give priority to businesses that:

- (1) have a high potential for growth and long-term job creation;
- (2) are labor intensive;
- (3) make high use of local and Minnesota resources;
- (4) are under ownership of women and minorities;
- (5) make high use of new technology;
- (6) produce energy conserving materials or services or are involved in development of renewable sources of energy; and
- (7) have their primary place of business in Minnesota.

Sec. 71. Minnesota Statutes 1988, section 268.681, subdivision 3, is amended to read:

Subd. 3. [PAYBACK.] A business receiving wage subsidies shall repay 70 percent of the amount initially received for each eligible job applicant employed, if the employee does not continue in the employment of the business beyond the six-month subsidized period. If the employee continues in the employment of the business for one year or longer after the six-month subsidized period, the business need not repay any of the funds received for that employee's wages. If the employee continues in the employment of the business for a period of less than one year after the expiration of the six-month subsidized period, the business shall receive a proportional reduction in the amount it must repay. If an employer dismisses an employee for good cause and works in good faith with the eligible local service unit or its contractor to employ and train another person referred by the eligible local service unit or its contractor, the payback formula shall apply as if the original person had continued in employment.

A repayment schedule shall be negotiated and agreed to by the eligible local service unit and the business prior to the disbursement of the funds and is subject to renegotiation. The eligible local service unit shall forward 25 percent of the payments received under this subdivision to the commissioner on a monthly basis and shall retain the remaining 75 percent for local program expenditures. Notwithstanding section 268.677, subdivision 2, the local service unit may use up to 20 percent of its share of the funds returned under this subdivision for any administrative costs associated with the collection of the funds under this subdivision. At least 80 percent of the local service unit's share of the funds returned under this subdivision must be used as provided in section 268.677. The commissioner shall deposit payments forwarded to the commissioner under this subdivision in

the Minnesota wage subsidy account created by subdivision 4.

Sec. 72. Minnesota Statutes 1989 Supplement, section 268.86, subdivision 2, is amended to read:

Subd. 2. [INTERAGENCY AGREEMENTS.] By October 1, 1987, the commissioner and the commissioner of human services shall enter into a written contract for the design, delivery, and administration of employment and training services for applicants for or recipients of food stamps or aid to families with dependent children and work readiness, including AFDC employment and training programs, and general assistance or work readiness grant diversion, and supported work. The contract must be approved by the coordinator and must address:

- (1) specific roles and responsibilities of each department;
- (2) assignment and supervision of staff for interagency activities including any necessary interagency employee mobility agreements under the administrative procedures of the department of employee relations;
- (3) mechanisms for determining the conditions under which individuals participate in services, their rights and responsibilities while participating, and the standards by which the services must be administered;
- (4) procedures for providing technical assistance to local service units, Indian tribes, and employment and training service providers;
- (5) access to appropriate staff for ongoing development and interpretation of policy, rules, and program standards;
- (6) procedures for reimbursing appropriate agencies for administrative expenses; and
- (7) procedures for accessing available federal funds.

Sec. 73. Minnesota Statutes 1988, section 268.86, subdivision 8, is amended to read:

Subd. 8. [GRANT DIVERSION.] The commissioner shall develop grant diversion processes for recipients of aid to families with dependent children general assistance and work readiness assistance payments and shall supervise the counties in the administration of the employment and training services to meet the needs and circumstances of public assistance these recipients. *A grant diversion program that places general assistance and work readiness recipients in public sector employment must operate as a community investment program under section 268.90.*

Sec. 74. Minnesota Statutes 1988, section 268.871, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY AND CERTIFICATION.] (a) Unless prohibited by federal law or otherwise determined by state law, a local service unit is responsible for the delivery of employment and training services. After February 1, 1988, employment and training services must be delivered by certified employment and training service providers.

(b) *The local service unit's employment and training service provider must meet the certification standards in this subdivision in order to be certified to deliver any of the following employment and training services and programs: wage subsidies; work readiness; work readiness and general assistance grant diversion; food stamp employment and training programs; community work experience programs; AFDC job search; AFDC grant*

*diversion; AFDC on-the-job training; and AFDC case management.*

*(c) The commissioner shall certify a local service unit's service provider to provide these employment and training services and programs if the commissioner determines that the provider has:*

*(1) past experience in direct delivery of the programs specified in paragraph (b);*

*(2) staff capabilities and qualifications, including adequate staff to provide timely and effective services to clients, and proven staff experience in providing specific services such as assessments, career planning, job development, job placement, support services, and knowledge of community services and educational resources;*

*(3) demonstrated effectiveness in providing services to public assistance recipients and other economically disadvantaged clients; and*

*(4) demonstrated administrative capabilities, including adequate fiscal and accounting procedures, financial management systems, participant data systems, and record retention procedures.*

*(d) When the only service provider that meets the criterion in paragraph (c), clause (1), has been decertified, pursuant to subdivision 1a, in that local service unit, the following criteria shall be substituted: past experience in direct delivery of multiple, coordinated, nonduplicative services, including outreach, assessments, identification of client barriers, employability development plans, and provision or referral to support services.*

*Employment and training service providers shall be certified by the commissioner for two fiscal years beginning July 1, 1991, and every second year thereafter.*

Sec. 75. Minnesota Statutes 1988, section 268.871, is amended by adding a subdivision to read:

*Subd. 1a. [DECERTIFICATION.] (a) The department, on its own initiative, or at the request of the local service unit, shall begin decertification processes for employment and training service providers who:*

*(1) no longer meet one or more of the certification standards;*

*(2) are delivering services in a manner that does not comply with the Family Support Act of 1988, Public Law Number 100-485 or relevant state law after corrective actions have been cited, technical assistance has been provided, and a reasonable period of time for remedial action has been provided; or*

*(3) are not complying with other state and federal laws or policy which are necessary for effective delivery of services.*

*(b) The initiating of decertification processes shall not result in decertification of the service provider unless and until adequate fact-finding and investigation has been performed by the department.*

Sec. 76. Minnesota Statutes 1988, section 268.871, subdivision 2, is amended to read:

**Subd. 2. [CONTRACTING PREFERENCE RESPONSIBILITY.]** ~~In contracting,~~ A local service unit must give preference, whenever possible, to contract with certified employment and training service providers that can effectively coordinate federal, state, and local employment and training



services; that can maximize use of available federal and other nonstate funds; and that have demonstrated the ability to ~~serve~~ *achieve effective results in serving* public assistance clients as well as other unemployed people.

Sec. 77. Minnesota Statutes 1989 Supplement, section 268.88, is amended to read:

268.88 [LOCAL SERVICE UNIT PLANS.]

(a) ~~Local service units shall prepare and submit to the commissioner by April 15 of each year 1990 an annual plan for the subsequent fiscal year. By April 15, 1991, and by April 15 of each second year thereafter, local service units shall prepare and submit to the commissioner a plan that covers the next two state fiscal years.~~ The commissioner shall notify each local service unit within 60 days of receipt of its plan that the plan has been approved or disapproved. The plan must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

(2) the establishment of public assistance caseload reduction goals and the strategies and programs that will be used to achieve these goals;

(3) a statement of whether the goals from the preceding year were met and an explanation if the local service unit failed to meet the goals;

(4) the amount proposed to be allocated to each employment and training service;

(5) the proposed types of employment and training services the local service unit plans to utilize;

(6) a description of how the local service unit will use funds provided under section 256.736 to meet the requirements of that section. The description must include the two work programs required by section 256.736, subdivision 10, paragraph (a), clause (13), what services will be provided, number of clients served, per service expenditures, type of clients served, and projected outcomes;

(7) a report on the use of wage subsidies, grant diversions, community investment programs, and other services administered under this chapter;

~~(8) an annual update of the community investment program plan according to standards established by the commissioner;~~

~~(9) a performance review of the employment and training service providers delivering employment and training services for the local service unit;~~

~~(10) (9) a copy of any contract between the local service unit and an employment and training service provider including expected outcomes and service levels for public assistance clients; and~~

~~(11) (10) a copy of any other agreements between educational institutions, family support services, and child care providers.~~

(b) In counties with a city of the first class, the county and the city shall develop and submit a joint plan. The plan may not be submitted until agreed to by both the city and the county. The plan must provide for the direct allocation of employment and training money to the city and the county unless waived by either. If the county and the city cannot concur on a plan,

the commissioner shall resolve their dispute. In counties in which a federally recognized Indian tribe is operating an employment and training program under an agreement with the commissioner of human services, the plan must provide that the county will coordinate its employment and training programs, including developing a system for referrals, sanctions, and the provision of supporting services such as access to child care funds and transportation with programs operated by the Indian tribe. The plan may not be given final approval by the commissioner until the tribal unit and county have submitted written agreement on these provisions in the plan. If the county and Indian tribe cannot agree on these provisions, the local service unit shall notify the commissioner of jobs and training and the commissioner of jobs and training and human services shall resolve the dispute.

(c) The commissioner may withhold the distribution of employment and training money from a local service unit that does not submit a plan to the commissioner by the date set by this section, and shall withhold the distribution of employment and training money from a local service unit whose plan has been disapproved by the commissioner until an acceptable amended plan has been submitted.

~~(d) Notwithstanding Minnesota Statutes 1988, section 268.88, local service units shall prepare and submit to the commissioner by June 1, 1989, an annual plan for fiscal year 1990. The commissioner shall notify each local service unit within 30 days of receipt of its plan if its plan has been approved or disapproved. Beginning April 15, 1992, and by April 15 of each second year thereafter, local service units must prepare and submit to the commissioner an interim year plan update that deals with performance in that state fiscal year and changes anticipated for the second year of the biennium. The update must include information about employment and training programs addressed in the local service unit's two-year plan and shall be completed in accordance with criteria established by the commissioner.~~

Sec. 78. Minnesota Statutes 1989 Supplement, section 268.881, is amended to read:

268.881 [INDIAN TRIBE PLANS.]

~~The commissioner, in consultation with the commissioner of human services, shall review and comment on Indian tribe plans submitted to the commissioner for provision of employment and training services. The plan must be submitted by April 15 for the state fiscal year ending June 30, 1990. For subsequent years, the plan must be submitted at least 60 days before the program commences. The commissioner shall approve or disapprove the plan for the state fiscal year ending June 30, 1990, within 30 days of receipt. The commissioner shall notify the Indian tribe of approval or disapproval of plans for subsequent years within 60 days of submission of the plans. The grant proposal must contain information that has been established by the commissioner and the commissioner of human services for the employment and training services grant program for Indian tribes.~~

*(a) The commissioner, in consultation with the commissioner of human services, shall review and comment on Indian tribe plans submitted to the commissioner for provision of employment and training services. Beginning April 15, 1991, and by April 15 of each second year thereafter, the Indian tribe shall prepare and submit to the commissioner a plan that covers the next two state fiscal years. Beginning April 15, 1992, and by April 15 of*

*each second year thereafter, the Indian tribe shall prepare and submit to the commissioner an interim year plan update that deals with performance during the past state fiscal year and that covers changes anticipated for the second year of the biennium. The commissioner shall notify the Indian tribe of approval or disapproval of the plans and updates for existing programs within 60 days of submission.*

*(b) A plan for a new tribal program must be submitted at least 45 days before the program is to commence. The commissioner shall approve or disapprove the plan for new programs within 30 days of receipt.*

*(c) The tribal plan and update must contain information that has been established by the commissioner and the commissioner of human services for the tribal employment and training service program.*

*(d) The commissioner may recommend to the commissioner of human services withholding the distribution of employment and training money from a tribe whose plan or update is disapproved by the commissioner or a tribe that does not submit a plan or update by the date established in this section.*

Sec. 79. Minnesota Statutes 1988, section 268.90, subdivision 1, is amended to read:

Subdivision 1. Community investment programs provide temporary employment to people who are experiencing prolonged unemployment and economic hardship. Community investment programs consist of one or more projects. Community investment programs must be beneficial to the state and the communities in which they are located and must provide program ~~employees~~ *participants* with training and work experience *that will enhance their employability*. The projects must include activities that:

- (1) expand or improve services, including education, health, social services, recreation, and safety;
- (2) improve or maintain natural resources, including rivers, streams and lakes, forest lands and roads, and soil conservation;
- (3) make permanent improvements to lands and buildings; or
- (4) weatherize public buildings and private residential dwellings.

Community investment programs may not include job placements that replace work that was part or all of the duties or responsibilities of an authorized public employee position established as of January 1, 1985.

Community investment programs that include other sources of money or authorized programs may provide employment for the groups eligible for the included programs under the terms and conditions of those programs. These programs include the Minnesota conservation corps, Minnesota summer youth program, county emergency jobs program, and the jobs training partnership act.

Sec. 80. Minnesota Statutes 1988, section 268.90, subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER OF JOBS AND TRAINING.] The commissioner shall:

- (1) Make emergency or permanent rules governing plan content, criteria for approval, and administrative standards;

(2) refer community investment program administrators to the appropriate state agency for technical assistance in developing and administering community investment programs;

(3) establish the method by which community investment programs will be approved or disapproved through the community investment program plan and the annual update component of the county plan;

(4) review and comment on community investment program plans;

(5) institute ongoing methods to monitor and evaluate community investment programs; and

(6) ~~inform~~ *consult with* the commissioner of human services ~~of on the counties that do not have an approved plan~~ *approval of county plans for community investment programs relating to the participation of public assistance recipients.*

Sec. 81. Minnesota Statutes 1988, section 268.90, subdivision 4, is amended to read:

Subd. 4. [COUNTY BOARDS OF COMMISSIONERS.] The county boards of commissioners shall:

(1) be encouraged to establish community investment programs that are administered jointly according to section 471.59, or through multicounty human service boards under chapter 402;

(2) develop community investment programs in consultation with the exclusive representatives of their employees;

(3) plan community investment programs by involving nonprofit organizations and other governmental units, community action agencies, community-based organizations, local union representatives, and representatives of client groups;

(4) submit to the commissioner a community investment program plan *identifying the program funding source and amount*, before the initiation of a community investment program, for approval according to standards established by the commissioner;

(5) plan community investment projects that, whenever possible, utilize existing programs that are administered under contract by nonprofit organizations and governmental units, including departments and agencies of cities, counties, towns, school districts, state and federal agencies, park reserve districts, and other special districts;

(6) include in their local service unit plans an annual update to their community investment program plans for approval according to standards established by the commissioner;

(7) submit reports and meet administrative standards established by ~~rule~~ *the commissioner*;

(8) monitor the performance of entities under contract to administer individual community investment projects;

(9) enter into contracts with other governmental and private bodies to jointly fund or jointly administer approvable projects when agreements expand the resources available, the scope of people employed, or further recognized public purposes; and

(10) be encouraged to enter into contracts with businesses or individuals

for eligible projects under subdivision 1 and charge a fee for the completion of a project.

**Sec. 82. [WELFARE FRAUD DISQUALIFICATION DEMONSTRATION PROJECT.]**

*The commissioner of human services is authorized to seek federal approval to develop a demonstration project, using the administrative appeals process of section 256.045, to hear cases involving persons accused of wrongfully obtaining assistance in the AFDC or food stamps programs. Allegations of fraud must be proven by clear and convincing evidence. If a person is found to have wrongfully obtained assistance in the AFDC or food stamps program, that person shall be disqualified from the program and the needs of that individual shall not be taken into account in determining the grant or assistance level. The period of disqualification may be up to six months for a first offense and up to 12 months for a second offense. For a third or subsequent offense, the disqualification period may be in excess of one year and can be permanent. In determining the sanction to impose, the appeals referee shall consider the amount of assistance wrongfully obtained, the actions whereby assistance was wrongfully obtained, and the effect of proposed sanctions on other members of the affected assistance unit. When federal approval is received, the agency shall develop an implementation plan which includes criteria for sanctions to be applied, and shall present the plan to the legislature for approval.*

**Sec. 83. [WELFARE MIGRATION STUDY.]**

*The commissioner of human services shall conduct a study to determine the patterns of migration of welfare recipients to and from the state. The study must determine: (1) the numbers of new applicants for AFDC and general assistance who moved to the state a short time before applying for assistance; (2) the former states or countries of residence of these applicants and whether the applicants lived in Minnesota in the past; (3) the number of welfare recipients who leave the state and the states to which these recipients are moving; and (4) the reasons welfare applicants or recipients move to or from Minnesota. This information must be collected and analyzed to determine whether migration patterns are different for border counties; nonborder, rural counties where there is a perception that there is an unusually high incidence of recipient immigration; and metropolitan area counties. The commissioner shall provide a report to the legislature by December 15, 1990. The report must include: (1) a summary and analysis of the information collected in the study regarding welfare migration patterns; (2) a comparison of welfare recipient migration patterns to migration patterns in the general population; (3) a survey of existing research and reports relating to welfare migration; (4) a description of the decline in economic support from the federal government in these areas over the past ten years; (5) a description and analysis of federal statutes or regulations or constitutional law restrictions that limit the authority of states and local communities to take action relating to the migration of recipients; and (6) a list of options available to the legislature and local governments relating to migration of recipients.*

**Sec. 84. [INSTRUCTION TO REVISOR.]**

*In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "target group," "target groups," "targeted caretaker," or "targeted caretakers" for the phrases "priority group," "priority groups,"*

*“priority caretaker,” or “priority caretakers” wherever it appears in Minnesota Statutes, section 256.736. The revisor of statutes shall also substitute the phrase “county agency” or “county agencies” for the phrase “local agency” or “local agencies” wherever it appears in Minnesota Statutes, chapters 256 and 256D.*

Sec. 85. [REPEALER.]

*Subdivision 1. [AFDC PROGRAM.] Minnesota Statutes 1988, sections 256.736, subdivisions 1b, 2a, 8, and 17; and 256.7365, subdivision 8, are repealed.*

*Subd. 2. [GENERAL ASSISTANCE.] Minnesota Statutes 1988, section 256D.06, subdivision 1c, is repealed.*

*Subd. 3. [JOBS AND TRAINING.] Minnesota Statutes 1988, sections 268.672, subdivision 12; 268.86, subdivision 9; and 268.872, subdivision 3, are repealed.*

*Subd. 4. [CHILD CARE.] Minnesota Statutes 1988, sections 256H.01, subdivision 14, and 256H.16, are repealed. Minnesota Statutes 1989 Supplement, section 256H.05, subdivisions 1, 1a, and 3a, are repealed.*

Sec. 86. [EFFECTIVE DATE.]

*Subdivision 1. [AFDC; CHILD CARE.] Sections 1 to 18; 33 to 81; 84; and 85, subdivisions 1, 3, and 4, are effective May 1, 1990.*

*Subd. 2. [GENERAL ASSISTANCE.] Sections 20, 22 to 24; 26 to 32; and 85, subdivision 2, are effective October 1, 1990.*

## ARTICLE 5

### MENTAL HEALTH

Section 1. Minnesota Statutes 1988, section 245.467, subdivision 2, is amended to read:

*Subd. 2. [DIAGNOSTIC ASSESSMENT.] All providers of residential, acute care hospital inpatient, and regional treatment centers must complete a diagnostic assessment for each of their clients within five days of admission. Providers of outpatient and day treatment services must complete a diagnostic assessment within ~~ten~~ five days after the adult's second visit or within 30 days of admission after intake, whichever occurs first. In cases where a diagnostic assessment is available and has been completed within 90 180 days preceding admission, only updating is necessary. “Updating” means a written summary by a mental health professional of the adult's current mental health status and service needs. If the adult's mental health status has changed markedly since the adult's most recent diagnostic assessment, a new diagnostic assessment is required. Compliance with the provisions of this subdivision does not ensure eligibility for medical assistance or general assistance medical care reimbursement under chapters 256B and 256D.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 245.467, subdivision 3, is amended to read:

*Subd. 3. [INDIVIDUAL TREATMENT PLANS.] All providers of outpatient services, day treatment services, residential treatment, acute care hospital inpatient treatment, and all regional treatment centers must develop an individual treatment plan for each of their adult clients. The individual treatment plan must be based on a diagnostic assessment. To the extent*

possible, the adult client shall be involved in all phases of developing and implementing the individual treatment plan. *Providers of residential treatment and acute care hospital inpatient treatment, and all regional treatment centers must develop the individual treatment plan must be developed within ten days of client intake and reviewed must review the individual treatment plan every 90 days thereafter after intake. Providers of day treatment services must develop the individual treatment plan before the completion of five working days in which service is provided or within 30 days after the diagnostic assessment is completed or obtained, whichever occurs first. Providers of outpatient services must develop the individual treatment plan within 30 days after the diagnostic assessment is completed or obtained or by the end of the second session of an outpatient service, not including the session in which the diagnostic assessment was provided, whichever occurs first. Outpatient and day treatment services providers must review the individual treatment plan every 90 days after intake.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 245.469, is amended to read:

245.469 [EMERGENCY SERVICES.]

Subdivision 1. [AVAILABILITY OF EMERGENCY SERVICES.] By July 1, 1988, county boards must provide or contract for enough emergency services within the county to meet the needs of adults in the county who are experiencing an emotional crisis or mental illness. Clients may be required to pay a fee according to section 245.481. Emergency services must include assessment, *crisis* intervention, and appropriate case disposition. Emergency services must:

- (1) promote the safety and emotional stability of adults with mental illness or emotional crises;
- (2) minimize further deterioration of adults with mental illness or emotional crises;
- (3) help adults with mental illness or emotional crises to obtain ongoing care and treatment; and
- (4) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that all service providers of emergency services to adults with mental illness provide immediate direct access to a mental health professional during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll free telephone access to a mental health professional, a mental health practitioner, or until January 1, 1991, a designated person with training in human services who receives clinical supervision from a mental health professional. *The commissioner may waive the requirement that the evening, weekend, and holiday service be provided by a mental health professional or mental health practitioner after January 1, 1991, if the county documents that:*

- (1) *mental health professionals or mental health practitioners are unavailable to provide this service;*
- (2) *services are provided by a designated person with training in human services who receives clinical supervision from a mental health professional; and*

*(3) the service provider is not also the provider of fire and public safety emergency services.*

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. 4. Minnesota Statutes 1989 Supplement, section 245.4711, subdivision 1, is amended to read:

**245.4711 [CASE MANAGEMENT AND COMMUNITY SUPPORT SERVICES.]**

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By January 1, 1989, the county board shall provide case management ~~activities~~ *services* for all adults with serious and persistent mental illness ~~residing in~~ *who are residents of the county and* who request or consent to the services and to each adult for whom the court appoints a case manager. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.462, subdivision 4.

(b) Case management services provided to adults with serious and persistent mental illness eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.

Sec. 5. Minnesota Statutes 1989 Supplement, section 245.4711, subdivision 2, is amended to read:

Subd. 2. [NOTIFICATION AND DETERMINATION OF CASE MANAGEMENT ELIGIBILITY.] (a) The county board shall notify the ~~client~~ *adult* of the ~~person's~~ *adult's* potential eligibility for case management services within five working days after receiving 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 ~~client~~ *adult* and the ~~client's~~ *adult's* representative, if any, that identifies the designated case management providers.

*(b) The county board must determine whether an adult who requests or is referred for case management services meets the criteria of section 245.462, subdivision 20, paragraph (c). If a diagnostic assessment is needed to make the determination, the county board shall offer to assist the adult in obtaining a diagnostic assessment. The county board shall notify, in writing, the adult and the adult's representative, if any, of the eligibility determination. If the adult is determined to be eligible for case management services, the county board shall refer the adult to the case management provider for case management services. If the adult is determined not to be eligible or refuses case management services, the local agency shall offer to refer the adult to a mental health provider or other appropriate service provider and to assist the adult in making an appointment with the provider of the adult's choice.*

Sec. 6. Minnesota Statutes 1989 Supplement, section 245.4711, subdivision 3, is amended to read:

Subd. 3. [DUTIES OF CASE MANAGER.] (a) ~~The case manager shall promptly arrange for a diagnostic assessment of the applicant when one is not available as described in section 245.467, subdivision 2, to determine the applicant's eligibility as an adult with serious and persistent mental~~



~~illness for community support services. The county board shall notify in writing the applicant and the applicant's representative, if any, if the applicant is determined ineligible for community support services.~~

~~(b) Upon a determination of eligibility for community support case management services, and if the adult consents to the services, the case manager shall complete a written functional assessment according to section 245.462, subdivision 11a. The case manager shall develop an individual community support plan for ~~an~~ the adult according to subdivision 4, paragraph (a), review the ~~client's~~ adult's progress, and monitor the provision of services. If services are to be provided in a host county that is not the county of financial responsibility, the case manager shall consult with the host county and obtain a letter demonstrating the concurrence of the host county regarding the provision of services.~~

Sec. 7. [245.4712] [COMMUNITY SUPPORT AND DAY TREATMENT SERVICES.]

*Subdivision 1. [AVAILABILITY OF COMMUNITY SUPPORT SERVICES.] County boards must provide or contract for sufficient community support services within the county to meet the needs of adults with serious and persistent mental illness who are residents of the county. Adults may be required to pay a fee according to section 245.481. The community support services program must be designed to improve the ability of adults with serious and persistent mental illness to:*

- (1) work in a regular or supported work environment;*
- (2) handle basic activities of daily living;*
- (3) participate in leisure time activities;*
- (4) set goals and plans; and*
- (5) obtain and maintain appropriate living arrangements.*

*The community support services program must also be designed to reduce the need for and use of more intensive, costly, or restrictive placements both in number of admissions and length of stay.*

*Subd. 2. [DAY TREATMENT SERVICES PROVIDED.] (a) Day treatment services must be developed as a part of the community support services available to adults with serious and persistent mental illness residing in the county. Adults may be required to pay a fee according to section 245.481. Day treatment services must be designed to:*

- (1) provide a structured environment for treatment;*
- (2) provide support for residing in the community;*
- (3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client need;*
- (4) coordinate with or be offered in conjunction with a local education agency's special education program; and*
- (5) operate on a continuous basis throughout the year.*

*(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 services for clients who would otherwise need day treatment services;*

(2) day treatment, if included, would be duplicative of other components of the community support services; and

(3) county demographics and geography make the provision of day treatment services cost ineffective and infeasible.

*Subd. 3. [BENEFITS ASSISTANCE.] The county board must offer to help adults with serious and persistent mental illness in applying for state and federal benefits, including supplemental security income, medical assistance, Medicare, general assistance, general assistance medical care, and Minnesota supplemental aid. The help must be offered as part of the community support program available to adults with serious and persistent mental illness for whom the county is financially responsible and who may qualify for these benefits.*

Sec. 8. Minnesota Statutes 1989 Supplement, section 245.474, is amended to read:

245.474 [REGIONAL TREATMENT CENTER INPATIENT SERVICES.]

**Subdivision 1. [AVAILABILITY OF REGIONAL TREATMENT CENTER INPATIENT SERVICES.]** By July 1, 1987, the commissioner shall make sufficient regional treatment center inpatient services available to adults with mental illness throughout the state who need this level of care. *Services must be as close to the patient's county of residence as possible. Regional treatment centers are responsible to:*

(1) *provide acute care inpatient hospitalization;*

(2) *stabilize the medical and mental health condition of the adult requiring the admission;*

(2) (3) *improve functioning to the point where discharge to community-based mental health services is possible;*

(3) (4) *strengthen family and community support; and*

(4) (5) *facilitate appropriate discharge and referrals for follow-up mental health care in the community.*

**Subd. 2. [QUALITY OF SERVICE.]** The commissioner shall biennially determine the needs of all adults with mental illness who are served by regional treatment centers by administering a client-based evaluation system. The client-based evaluation system must include at least the following independent measurements: behavioral development assessment; habilitation program assessment; medical needs assessment; maladaptive behavioral assessment; and vocational behavior assessment. The commissioner shall propose staff ratios to the legislature for the mental health and support units in regional treatment centers as indicated by the results of the client-based evaluation system *and the types of state-operated services needed.* The proposed staffing ratios shall include professional, nursing, direct care, medical, clerical, and support staff based on the client-based evaluation system. The commissioner shall recompute staffing ratios and recommendations on a biennial basis.

**Subd. 3. [TRANSITION TO COMMUNITY.]** Regional treatment centers must plan for and assist clients in making a transition from regional treatment centers to other community-based services. In coordination with the client's case manager, if any, regional treatment centers must also arrange for appropriate follow-up care in the community during the transition period. Before a client is discharged, the regional treatment center must notify the

client's case manager, so that the case manager can monitor and coordinate the transition and arrangements for the client's appropriate follow-up care in the community.

Sec. 9. Minnesota Statutes 1989 Supplement, section 245.487, subdivision 2, is amended to read:

Subd. 2. [FINDINGS.] The legislature finds there is a need for further development of existing clinical services for emotionally disturbed children and their families and the creation of new services for this population. Although the services specified in sections 245.487 to 245.4887 are mental health services, sections 245.487 to 245.4887 emphasize the need for a child-oriented and family-oriented approach of therapeutic programming and the need for continuity of care with other community agencies. At the same time, sections 245.487 to 245.4887 emphasize the importance of developing special mental health expertise in children's mental health services because of the unique needs of this population.

Nothing in this act shall be construed to abridge the authority of the court to make dispositions under chapter 260 *but the mental health services due any child with serious and persistent mental illness, as defined in section 245.462, subdivision 20, or with severe emotional disturbance, as defined in section 245.4871, subdivision 6, shall be made a part of any disposition affecting that child.*

Sec. 10. Minnesota Statutes 1989 Supplement, section 245.487, subdivision 5, is amended to read:

Subd. 5. [CONTINUATION OF EXISTING MENTAL HEALTH SERVICES FOR CHILDREN.] Counties shall make available case management, community support services, and day treatment to children eligible to receive these services under Minnesota Statutes 1988, section 245.471. No later than August 1, 1989, the county board shall notify providers in the local system of care of their obligations to refer children eligible for case management and community support services as of January 1, 1989. *The county board shall forward a copy of this notice to the commissioner.* The notice shall indicate which children are eligible, a description of the services, and the name of the county employee designated to coordinate case management activities *and shall include a copy of the plain language notification described in section 245.4881, subdivision 2, paragraph (b).* Providers shall distribute copies of this notification when making a referral for case management.

Sec. 11. Minnesota Statutes 1989 Supplement, section 245.4871, subdivision 3, is amended to read:

Subd. 3. [CASE MANAGEMENT SERVICES.] "Case management services" means activities *that are coordinated with the family community support services and are* designed to help the child with severe emotional disturbance and the child's family obtain needed mental health services, social services, educational services, health services, vocational services, recreational services, and related services in the areas of volunteer services, advocacy, transportation, and legal services. Case management services include ~~obtaining a comprehensive diagnostic assessment,~~ *assisting in obtaining a comprehensive diagnostic assessment, if needed,* developing a functional assessment, developing an individual family community support plan, and assisting the child and the child's family in obtaining needed services by coordination with other agencies and assuring continuity of

care. Case managers must assess and reassess the delivery, appropriateness, and effectiveness of these services over time.

Sec. 12. Minnesota Statutes 1989 Supplement, section 245.4873, subdivision 2, is amended to read:

Subd. 2. [STATE LEVEL; COORDINATION.] The commissioners or designees of commissioners of the departments of human services, health, education, state planning, and corrections, and a representative of the Minnesota district judges association juvenile committee, in conjunction with the commissioner of commerce or a designee of the commissioner, shall meet at least quarterly through 1992 to:

(1) educate each agency about the policies, procedures, funding, and services for children with emotional disturbances of all agencies represented;

(2) develop mechanisms for interagency coordination on behalf of children with emotional disturbances;

(3) identify barriers including policies and procedures within all agencies represented that interfere with delivery of mental health services for children;

(4) recommend policy and procedural changes needed to improve development and delivery of mental health services for children in the agency or agencies they represent;

(5) identify mechanisms for better use of federal and state funding in the delivery of mental health services for children; and

(6) until February 15, 1992, prepare an annual report on the policy and procedural changes needed to implement a coordinated, effective, and cost-efficient children's mental health delivery system.

This report shall be submitted to the legislature and the state mental health advisory council annually until February 15, 1992, as part of the report required under section 245.487, subdivision 4. The report shall include information from each department represented on:

(1) the number of children in each department's system who require mental health services;

(2) the number of children in each system who receive mental health services;

(3) how mental health services for children are funded within each system;

(4) how mental health services for children could be coordinated to provide more effectively appropriate mental health services for children; and

(5) recommendations for the provision of early screening and identification of mental illness in each system.

Sec. 13. Minnesota Statutes 1989 Supplement, section 245.4874, is amended to read:

245.4874 [DUTIES OF COUNTY BOARD.]

The county board in each county shall use its share of mental health and community social service act funds allocated by the commissioner according to a biennial local children's mental health service proposal required under section 245.4887, and approved by the commissioner. The county board must:

(1) develop a system of affordable and locally available children's mental health services according to sections 245.487 to 245.4887;

(2) assure that parents and providers in the county receive information about how to gain access to services provided according to sections 245.487 to 245.4887;

(3) coordinate the delivery of children's mental health services with services provided by social services, education, corrections, health, and vocational agencies to improve the availability of mental health services to children and the cost effectiveness of their delivery;

~~(3)~~ (4) assure that mental health services delivered according to sections 245.487 to 245.4887 are delivered expeditiously and are appropriate to the child's diagnostic assessment and individual treatment plan;

~~(4)~~ (5) provide the community with information about predictors and symptoms of emotional disturbances and how to access children's mental health services according to sections 245.4877 and 245.4878;

~~(5)~~ (6) provide for case management services to each child with severe emotional disturbance according to sections 245.486; 245.4871, subdivisions 3 and 4; and 245.4881, subdivisions 1, 3, and 5;

~~(6)~~ (7) provide for screening of each child under section 245.4885 upon admission to a residential treatment facility, acute care hospital inpatient treatment, or informal admission to a regional treatment center;

~~(7)~~ (8) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.487 to 245.4887;

~~(8)~~ (9) assure that mental health professionals, mental health practitioners, and case managers employed by or under contract to the county to provide mental health services are qualified under section 245.4871; and

~~(9)~~ (10) assure that children's mental health services are coordinated with adult mental health services specified in sections 245.461 to 245.486 so that a continuum of mental health services is available to serve persons with mental illness, regardless of the person's age.

Sec. 14. Minnesota Statutes 1989 Supplement, section 245.4875, subdivision 5, is amended to read:

Subd. 5. [LOCAL CHILDREN'S ADVISORY COUNCIL.] (a) By October 1, 1989, the county board, individually or in conjunction with other county boards, shall establish a local children's mental health advisory council or children's mental health subcommittee of the existing local mental health advisory council or shall include persons on its existing mental health advisory council who are representatives of children's mental health interests. The following individuals must serve on the local children's mental health advisory council, the children's mental health subcommittee of an existing local mental health advisory council, or be included on an existing mental health advisory council: (1) at least one person who was in a mental health program as a child or adolescent; (2) at least one parent of a child or adolescent with severe emotional disturbance; (3) one children's mental health professional; (4) representatives of minority populations of significant size residing in the county; (5) a representative of the children's mental health local coordinating council; and (6) one family community support services program representative.

(b) The local children's mental health advisory council or children's mental health subcommittee of an existing advisory council *shall seek input from parents, former consumers, providers, and others about the needs of children with emotional disturbance in the local area and services needed by families of these children, and shall meet at least quarterly monthly, unless otherwise determined by the council or subcommittee, but not less than quarterly*, to review, evaluate, and make recommendations regarding the local children's mental health system. Annually, the local children's mental health advisory council or children's mental health subcommittee of the existing local mental health advisory council shall:

(1) arrange for input from the local system of care providers regarding coordination of care between the services; and

(2) identify for the county board the individuals, providers, agencies, and associations as specified in section 245.4877, clause (2).

(c) The county board shall consider the advice of its local children's mental health advisory council or children's mental health subcommittee of the existing local mental health advisory council in carrying out its authorities and responsibilities.

Sec. 15. Minnesota Statutes 1989 Supplement, section 245.4876, subdivision 2, is amended to read:

Subd. 2. [DIAGNOSTIC ASSESSMENT.] All residential treatment facilities and acute care hospital inpatient treatment ~~services~~ *facilities* that provide mental health services for children must complete a diagnostic assessment for each of their child clients within five working days of admission. Providers of outpatient and day treatment services for children must complete a diagnostic assessment within ~~ten working days of admission~~ *five days after the child's second visit or 30 days after intake, whichever occurs first*. In cases where a diagnostic assessment is available and has been completed within ~~90~~ 180 days preceding admission, only updating is necessary. "Updating" means a written summary by a mental health professional of the child's current mental health status and service needs. If the child's mental health status has changed markedly since the child's most recent diagnostic assessment, a new diagnostic assessment is required. Compliance with the provisions of this subdivision does not ensure eligibility for medical assistance or general assistance medical care reimbursement under chapters 256B and 256D.

Sec. 16. Minnesota Statutes 1989 Supplement, section 245.4876, subdivision 3, is amended to read:

Subd. 3. [INDIVIDUAL TREATMENT PLANS.] All *providers of outpatient services, day treatment services, family community support services, professional home-based family treatment, residential treatment facilities, and acute care hospital inpatient treatment facilities, and all regional treatment centers that provide mental health facilities services* for children must develop an individual treatment plan for each child client. The individual treatment plan must be based on a diagnostic assessment. To the extent appropriate, the child *and the child's family* shall be involved in all phases of developing and implementing the individual treatment plan. *Providers of residential treatment, professional home-based family treatment, and acute care hospital inpatient treatment, and regional treatment centers must develop the individual treatment plan must be developed* within ten working days of client intake or admission and ~~reviewed~~ *must review*

*the individual treatment plan every 90 days after that date intake, except that the administrative review of the treatment plan of a child placed in a residential facility shall be as specified in section 257.071, subdivisions 2 and 4. Providers of day treatment services must develop the individual treatment plan before the completion of five working days in which service is provided or within 30 days after the diagnostic assessment is completed or obtained, whichever occurs first. Providers of outpatient services must develop the individual treatment plan within 30 days after the diagnostic assessment is completed or obtained or by the end of the second session of an outpatient service, not including the session in which the diagnostic assessment was provided, whichever occurs first. Providers of outpatient and day treatment services must review the individual treatment plan every 90 days after intake.*

Sec. 17. Minnesota Statutes 1989 Supplement, section 245.4876, subdivision 4, is amended to read:

Subd. 4. [REFERRAL FOR CASE MANAGEMENT.] Each provider of emergency services, outpatient treatment, community support services, family community support services, day treatment services, screening under section 245.4885, professional home-based family treatment services, residential treatment facilities, acute care hospital inpatient treatment facilities, or regional treatment center services must inform each child with severe emotional disturbance, and the child's parent or legal representative, of the availability and potential benefits to the child of case management. The information shall be provided as specified in subdivision 5. If consent is obtained according to subdivision 5, the provider must refer the child by notifying the county employee designated by the county board to coordinate case management activities of the child's name and address and by informing the child's family of whom to contact to request case management. The provider must document compliance with this subdivision in the child's record. *The parent or child may directly request case management even if there has been no referral.*

Sec. 18. Minnesota Statutes 1989 Supplement, section 245.4879, is amended to read:

245.4879 [EMERGENCY SERVICES.]

Subdivision 1. [AVAILABILITY OF EMERGENCY SERVICES.] County boards must provide or contract for enough mental health emergency services within the county to meet the needs of children, *and children's families when clinically appropriate*, in the county who are experiencing an emotional crisis or emotional disturbance. *The county board shall ensure that parents, providers, and county residents are informed about when and how to access emergency mental health services for children.* A child or the child's parent may be required to pay a fee according to section 245.481. Emergency service providers shall not delay the timely provision of emergency service because of delays in determining this fee or because of the unwillingness or inability of the parent to pay the fee. Emergency services must include assessment, *crisis intervention*, and appropriate case disposition. Emergency services must:

(1) promote the safety and emotional stability of children with emotional disturbances or emotional crises;

(2) minimize further deterioration of the child with emotional disturbance or emotional crisis;

(3) help each child with an emotional disturbance or emotional crisis to obtain ongoing care and treatment; and

(4) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet the child's needs.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that all service providers of emergency services to the child with an emotional disturbance provide immediate direct access to a mental health professional during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll-free telephone access to a mental health professional, a mental health practitioner, or until January 1, 1991, a designated person with training in human services who receives clinical supervision from a mental health professional. *The commissioner may waive the requirement that the evening, weekend, and holiday service be provided by a mental health professional or mental health practitioner after January 1, 1991, if the county documents that:*

*(1) mental health professionals or mental health practitioners are unavailable to provide this service;*

*(2) services are provided by a designated person with training in human services who receives clinical supervision from a mental health professional; and*

*(3) the service provider is not also the provider of fire and public safety emergency services.*

When 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. 19. Minnesota Statutes 1989 Supplement, section 245.4881, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By July 1, 1991, the county board shall provide case management ~~activities~~ *services* for each child with severe emotional disturbance ~~residing in~~ *who is a resident of* the county and the child's family who request or consent to the services. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.4871, subdivision 4.

(b) Case management services provided to children with severe emotional disturbance eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.

Sec. 20. Minnesota Statutes 1989 Supplement, section 245.4881, subdivision 2, is amended to read:

Subd. 2. [NOTIFICATION AND DETERMINATION OF CASE MANAGEMENT ELIGIBILITY.] (a) The county board shall notify, as appropriate, the child, child's parent, or *child's* legal representative of the child's potential eligibility for case management services within five working days after receiving a request from an individual or a referral from a provider under section 245.4876, subdivision 4.

*(b) The county board shall send a notification written in plain language of potential eligibility for case management and family community support services. The notification shall identify the designated case management providers and shall contain:*



(1) a brief description of case management and family community support services;

(2) the potential benefits of these services;

(3) the identity and current phone number of the county employee designated to coordinate case management activities;

(4) an explanation of how to obtain county assistance in obtaining a diagnostic assessment, if needed; and

(5) an explanation of the appeal process.

~~The county board shall send a written notice that identifies the designated case management providers.~~ The county board shall send the notice, as appropriate, to the child, the child's parent, or the child's legal representative, if any.

(c) The county board must promptly determine whether a child who requests or is referred for case management services meets the criteria of sections 245.471 or 245.4871, subdivision 6. If a diagnostic assessment is needed to make the determination, the county board must offer to assist the child and the child's family in obtaining one. The county board shall notify, in writing, the child and the child's representative, if any, of the eligibility determination. If the child is determined to be eligible for case management services, and if the child and the child's family consent to the services, the county board shall refer the child to the case management provider for case management services. If the child is determined not to be eligible or refuses case management services, the county board shall notify the child of the appeal process and shall offer to refer the child to a mental health provider or other appropriate service provider and to assist the child in making an appointment with the provider of the child's choice.

Sec. 21. Minnesota Statutes 1989 Supplement, section 245.4881, subdivision 3, is amended to read:

Subd. 3. [DUTIES OF CASE MANAGER.] (a) ~~The case manager shall promptly arrange for a diagnostic assessment of the child when one is not available as described in section 245.4876, subdivision 2; to determine the child's eligibility as a child with severe emotional disturbance for family community support services. The county board shall notify in writing, as appropriate, the child, the child's parent, or the child's legal representative, if any, if the child is determined ineligible for family community support services.~~

~~(b)~~ Upon a determination of eligibility for family support case management services, the case manager shall complete a written functional assessment according to section 245.4871, subdivision 18. The case manager shall develop an individual family community support plan for a child as specified in subdivision 4, review the child's progress, and monitor the provision of services. If services are to be provided in a host county that is not the county of financial responsibility, the case manager shall consult with the host county and obtain a letter demonstrating the concurrence of the host county regarding the provision of services.

(b) The case manager shall perform a functional assessment and note in the ~~client's~~ child's record the services needed by the child and the child's family, the services requested by the family, services that are not available, and the ~~unmet needs of the child and family's unmet needs~~ child's family.

The information required under section 245.4886 shall be provided in writing to the child and the child's family. The case manager shall note this provision in the ~~client~~ child's record.

Sec. 22. Minnesota Statutes 1989 Supplement, section 245.4881, subdivision 4, is amended to read:

Subd. 4. [INDIVIDUAL FAMILY COMMUNITY SUPPORT PLAN.] (a) For each child, the case manager must develop an individual family community support plan that incorporates the child's individual treatment plan. The individual treatment plan may not be a substitute for the development of an individual family community support plan. The case manager is responsible for developing the individual family community support plan within 30 days of intake based on a diagnostic assessment and a functional assessment and for implementing and monitoring the delivery of services according to the individual family community support plan. The case manager must review the plan every 90 calendar days after it is developed. To the extent appropriate, the child with severe emotional disturbance, the child's family, advocates, service providers, and significant others must be involved in all phases of development and implementation of the individual family community support plan. Notwithstanding the lack of ~~a~~ *an individual family community support plan*, the case manager shall assist the child and *child's* family in accessing the needed services listed in subdivision 6.

(b) The child's individual family community support plan must state:

(1) the goals and expected outcomes of each service and criteria for evaluating the effectiveness and appropriateness of the 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 individual family community support plan.

Sec. 23. Minnesota Statutes 1989 Supplement, section 245.4882, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF RESIDENTIAL TREATMENT SERVICES.] County boards must provide or contract for enough residential treatment services to meet the needs of each child with *severe* emotional disturbance residing in the county and needing this level of care. Length of stay is based on the child's residential treatment need and shall be subject to the six-month review process established in section 257.071, subdivisions 2 and 4. Services *must be appropriate to the child's age and treatment needs and* must be made available as close to the county as possible. Residential treatment must be designed to:

(1) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet the child's needs;

(2) help the child improve family living and social interaction skills;

(3) help the child gain the necessary skills to return to the community;

(4) stabilize crisis admissions; and

(5) work with families throughout the placement to improve the ability of the families to care for children with *severe* emotional disturbance in the home.

Sec. 24. Minnesota Statutes 1989 Supplement, section 245.4883, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF ACUTE CARE HOSPITAL INPATIENT SERVICES.] County boards must make available through contract or direct provision enough acute care hospital inpatient treatment services as close to the county as possible for children with *severe* emotional disturbances residing in the county needing this level of care. Acute care hospital inpatient treatment services must be designed to:

(1) stabilize the medical and mental health condition for which admission is required;

(2) improve functioning to the point where discharge to residential treatment or community-based mental health services is possible;

(3) facilitate appropriate referrals for follow-up mental health care in the community;

(4) work with families to improve the ability of the families to care for those children with *severe* emotional disturbances at home; and

(5) assist families and children in the transition from inpatient services to community-based services or home setting, and provide notification to the child's case manager, if any, so that the case manager can monitor the transition and make timely arrangements for the child's appropriate follow-up care in the community.

Sec. 25. [245.4884] [FAMILY COMMUNITY SUPPORT SERVICES.]

Subdivision 1. [AVAILABILITY OF FAMILY COMMUNITY SUPPORT SERVICES.] *By July 1, 1991, county boards must provide or contract for sufficient family community support services within the county to meet the needs of each child with severe emotional disturbance who resides in the county and the child's family. Children or their parents may be required to pay a fee in accordance with section 245.481.*

*Family community support services must be designed to improve the ability of children with severe emotional disturbance to:*

*(1) handle basic activities of daily living;*

*(2) improve functioning in school settings;*

*(3) participate in leisure time or community youth activities;*

*(4) set goals and plans;*

*(5) reside with the family in the community;*

*(6) participate in after-school and summer activities;*

*(7) make a smooth transition among mental health services provided to children; and*

*(8) make a smooth transition into the adult mental health system as appropriate.*

*In addition, family community support services must be designed to improve overall family functioning if clinically appropriate to the child's needs, and to reduce the need for and use of placements more intensive, costly, or restrictive both in the number of admissions and lengths of stay than indicated by the child's diagnostic assessment.*

*Subd. 2. [DAY TREATMENT SERVICES PROVIDED.] (a) Day treatment services must be part of the family community support services available to each child with severe emotional disturbance residing in the county. A child or the child's parent may be required to pay a fee according to section 245.481. Day treatment services must be designed to:*

- (1) provide a structured environment for treatment;*
- (2) provide support for residing in the community;*
- (3) prevent placements that are more intensive, costly, or restrictive than necessary to meet the child's need;*
- (4) coordinate with or be offered in conjunction with the child's education program;*
- (5) provide therapy and family intervention for children that are coordinated with education services provided and funded by schools; and*
- (6) operate during all 12 months of the year.*

*(b) County boards may request a waiver from including day treatment services if they can document that:*

- (1) alternative services exist through the county's family community support services for each child who would otherwise need day treatment services; and*
- (2) county demographics and geography make the provision of day treatment services cost ineffective and unfeasible.*

*Subd. 3. [PROFESSIONAL HOME-BASED FAMILY TREATMENT PROVIDED.] (a) By January 1, 1991, county boards must provide or contract for sufficient professional home-based family treatment within the county to meet the needs of each child with severe emotional disturbance who is at risk of out-of-home placement due to the child's emotional disturbance or who is returning to the home from out-of-home placement. The child or the child's parent may be required to pay a fee according to section 245.481. The county board shall require that all service providers of professional home-based family treatment set fee schedules approved by the county board that are based on the child's or family's ability to pay. The professional home-based family treatment must be designed to assist each child with severe emotional disturbance who is at risk of or who is returning from out-of-home placement and the child's family to:*

- (1) improve overall family functioning in all areas of life;*
- (2) treat the child's symptoms of emotional disturbance that contribute to a risk of out-of-home placement;*
- (3) provide a positive change in the emotional, behavioral, and mental well-being of children and their families; and*
- (4) reduce risk of out-of-home placement for the identified child with severe emotional disturbance and other siblings or successfully reunify and reintegrate into the family a child returning from out-of-home placement due to emotional disturbance.*

*(b) Professional home-based family treatment must be provided by a team consisting of a mental health professional and others who are skilled in the delivery of mental health services to children and families in conjunction with other human service providers. The professional home-based*

*family treatment team must maintain flexible hours of service availability and must provide or arrange for crisis services for each family, 24 hours a day, seven days a week. Case loads for each professional home-based family treatment team must be small enough to permit the delivery of intensive services and to meet the needs of the family. Professional home-based family treatment providers shall coordinate services and service needs with case managers assigned to children and their families. The treatment team must develop an individual treatment plan that identifies the specific treatment objectives for both the child and the family.*

*Subd. 4. [THERAPEUTIC SUPPORT OF FOSTER CARE.] By January 1, 1992, county boards must provide or contract for foster care with therapeutic support as defined in section 245.4871, subdivision 34. Foster families caring for children with severe emotional disturbance must receive training and supportive services, as necessary, at no cost to the foster families within the limits of available resources.*

*Subd. 5. [BENEFITS ASSISTANCE.] The county board must offer help to a child with severe emotional disturbance and the child's family in applying for federal benefits, including supplemental security income, medical assistance, and Medicare.*

Sec. 26. Minnesota Statutes 1989 Supplement, section 245.4885, subdivision 1, is amended to read:

Subdivision 1. [SCREENING REQUIRED.] The county board shall ~~ensure that, upon admission, screen all children are screened upon admission~~ admitted for treatment of severe emotional disturbance to a residential treatment facility, an acute care hospital, or informally admitted to a regional treatment center if public funds are used to pay for the services. If a child is admitted to a residential treatment facility or acute care hospital for emergency treatment of emotional disturbance or held for emergency care by a regional treatment center under section 253B.05, subdivision 1, screening must occur within five working days of admission. Screening shall determine whether the proposed treatment:

- (1) is necessary;
- (2) is appropriate to the child's individual treatment needs;
- (3) cannot be effectively provided in the child's home; and

(4) ~~the provides a length of stay is~~ as short as possible consistent with the individual child's need; ~~and.~~

~~(5) the case manager, if assigned, is developing an~~ *During the screening process, the child, child's family, or child's legal representative, as appropriate, must be informed of the child's eligibility for case management services and that an individual family community support plan is being developed by the case manager, if assigned.*

Screening shall be in compliance with section 256F.07 or 257.071, whichever applies. Wherever possible, the parent shall be consulted in the screening process, unless clinically inappropriate.

The screening process and placement decision must be documented in the child's record.

An alternate review process may be approved by the commissioner if the county board demonstrates that an alternate review process has been established by the county board and the times of review, persons responsible

for the review, and review criteria are comparable to the standards in clauses (1) to ~~(3)~~ (5).

Sec. 27. Minnesota Statutes 1989 Supplement, section 245.4885, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] No later than ~~January~~ July 1, 1992 1991, screening of children for residential and inpatient services must be conducted by a mental health professional. Mental health professionals providing screening for inpatient and residential services must not be financially affiliated with any acute care inpatient hospital, residential treatment facility, or regional treatment center. The commissioner may waive this requirement for mental health professional participation in ~~sparsely populated areas~~ after July 1, 1991, if the county documents that:

(1) mental health professionals or mental health practitioners are unavailable to provide this service; and

(2) services are provided by a designated person with training in human services who receives clinical supervision from a mental health professional.

Sec. 28. Minnesota Statutes 1989 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) adopt rules for minimum standards in community mental health services as directed by the legislature;

(5) cooperate with the commissioners of health and jobs and training to coordinate services and programs for people with mental illness;

~~(6) 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 emotional or behavioral disorders;~~

~~(7) 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)~~ (7) provide data and other information, as requested, to the advisory council on mental health;

~~(9)~~ (8) 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)~~ (9) apply for grants and develop pilot programs to test and demonstrate new methods of assessing mental health needs and delivering

mental health services;

~~(11)~~ (10) study alternative reimbursement systems and make waiver requests that are deemed necessary by the commissioner;

~~(12)~~ (11) 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)~~ (12) 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)~~ (13) 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)~~ (14) enter into contracts and promulgate rules the commissioner deems necessary to carry out the purposes of this chapter.

Sec. 29. Minnesota Statutes 1989 Supplement, section 245.697, subdivision 2a, is amended 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, state planning, *finance*, 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 emotional disturbances;

(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 emotional disturbances;

(6) a present or former consumer of adolescent mental health services;

(7) educators currently 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;

(11) one person from the local corrections department and one representative of the Minnesota district judges association juvenile committee; and

(12) county commissioners and social services agency representatives.

The chair of the advisory council shall appoint subcommittee members described in clauses (3) to (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. 30. Minnesota Statutes 1989 Supplement, section 245.73, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; CRITERIA.] County boards may submit an application and budget for 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 for residential programs for ~~adult mentally ill persons~~ *adults with mental illness* to meet licensing requirements pursuant to sections 245A.01 to 245A.16. ~~Funds shall not be used to supplant or reduce local, state, or federal expenditure levels supporting existing resources unless the reduction in available money is the result of a state or federal decision not to refund an existing program.~~ State funds received by a county pursuant to this section shall be used only for direct service costs. Both direct service and other costs, including but not limited to renovation, construction or rent of buildings, purchase or lease of vehicles or equipment as required for licensure as a residential program for ~~adult mentally ill persons~~ *adults with mental illness* under sections 245A.01 to 245A.16, may be paid out of the matching funds required under subdivision 3. Neither the state funds nor the matching funds shall be used for room and board costs.

Sec. 31. Minnesota Statutes 1989 Supplement, section 253B.03, subdivision 6a, is amended 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~~.

(d) *A neuroleptic medication may be administered without court review to a patient who is not competent to consent to neuroleptic medications if:*

(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.

*(e) A neuroleptic medication may be administered without judicial review and without consent in an emergency situation for so long as the emergency continues to exist if the treating physician determines that the medication is necessary to prevent serious, immediate physical harm to the patient or to others. The treatment facility shall document the emergency in the patient's medical record in specific behavioral terms.*

~~(d)~~ (f) 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.

~~(e)~~ (g) The court may allow and order paid to a guardian ad litem a reasonable fee for services provided under paragraph (c), or the court may appoint a volunteer guardian ad litem.

*(h) A medical director or patient 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 section 253B.08, 253B.09, 253B.12, or 253B.18. The hearing concerning the administration of neuroleptic medication must be held within 14 days from the date of the filing of the petition. The court may extend the time for hearing up to an additional 15 days for good cause shown.*

Sec. 32. Minnesota Statutes 1988, 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.08, 253B.09 and, 253B.12, and 253B.18.

Sec. 33. Minnesota Statutes 1988, section 260.151, is amended by adding a subdivision to read:

*Subd. 3. [JUVENILE TREATMENT SCREENING TEAM.] (a) The county welfare board, at its option, may establish a juvenile treatment screening team to conduct screenings and prepare case plans under this subdivision. The team, which may be the team constituted under section 245.4885 or 256B.092 or Minnesota Rules, parts 9530.6600 to 9530.6655, shall consist of social workers, juvenile justice professionals, and persons with expertise in the treatment of juveniles who are emotionally disabled,*

*chemically dependent, or have a developmental disability. The team shall involve parents or guardians in the screening process as appropriate.*

*(b) This paragraph applies only in counties that have established a juvenile treatment screening team under paragraph (a). If the court, prior to, or as part of, a final disposition, proposes to place a child for the primary purpose of treatment for an emotional disturbance, a developmental disability, or chemical dependency in a residential treatment facility out of state or in one which is within the state and licensed by the commissioner of human services under chapter 245A, the court shall notify the county welfare agency. The county's juvenile treatment screening team must either: (1) screen and evaluate the child and file its recommendations with the court within 14 days of receipt of the notice; or (2) elect not to screen a given case, and notify the court of that decision within three working days.*

*(c) If the screening team has elected to screen and evaluate the child, the child may not be placed for the primary purpose of treatment for an emotional disturbance, a developmental disability, or chemical dependency, in a residential treatment facility out of state nor in a residential treatment facility within the state that is licensed under chapter 245A, unless one of the following conditions applies:*

*(1) a treatment professional certifies that an emergency requires the placement of the child in a facility within the state;*

*(2) the screening team has evaluated the child and recommended that a residential placement is necessary to meet the child's treatment needs and the safety needs of the community, that it is a cost-effective means of meeting the treatment needs, and that it will be of therapeutic value to the child; or*

*(3) the court, having reviewed a screening team recommendation against placement, determines to the contrary that a residential placement is necessary. The court shall state the reasons for its determination in writing, on the record, and shall respond specifically to the findings and recommendation of the screening team in explaining why the recommendation was rejected. The attorney representing the child and the prosecuting attorney shall be afforded an opportunity to be heard on the matter.*

#### Sec. 34. [INSTRUCTION TO REVISOR.]

*In each section of Minnesota Statutes referred to in column A, the revisor of statutes shall delete the reference in column B and insert the reference in column C.*

Column A	Column B	Column C
245.462, subd. 8, clause (3)	245.4711, subd. 7	245.4712, subd. 2
245.4871, subd. 10, clauses (3) and (4)	245.4881, subd. 7	245.4884, subd. 2
245.4871, subd. 17, clause (11)	245.4881, subd. 10	245.4884, subd. 5
245.4875, subd. 2, clause (6)	245.4881, subd. 7	245.4884, subd. 2
245.4875, subd. 2, clauses (11) and (12)	245.4881, subd. 9	245.4884, subd. 4

245.4881, subd. 4, subd. 6  
paragraph (a)

245.4884, subd. 1

Sec. 35. [REPEALER.]

*Minnesota Statutes 1989 Supplement, sections 245.4711, subdivisions 6, 7, and 8; and 245.4881, subdivisions 6, 7, 8, 9, and 10, are repealed.*

Sec. 36. [EFFECTIVE DATE.]

*Sections 31 and 32 are effective May 1, 1990.*

ARTICLE 6

DISLOCATED WORKERS

Section 1. [268.02] [DISLOCATED WORKER FUND.]

*Subdivision 1. [DETERMINATION AND COLLECTION OF SPECIAL ASSESSMENT.] (a) In addition to all other contributions, assessments and payment obligations under chapter 268, each employer is liable for a special assessment levied at the rate of one-tenth of one percent per year on all wages, as defined in section 268.04, subdivision 25. Such assessment shall become due and be paid by each employer to the department of jobs and training on the same schedule and in the same manner as other contributions required by section 268.06.*

*(b) The special assessment levied under this section shall not affect the computation of any other contributions, assessments, or payment obligations due under this chapter.*

*Subd. 2. [DISBURSEMENT OF SPECIAL ASSESSMENT FUNDS.]*

*(a) The money collected under this section shall be deposited in the state treasury and credited to a dedicated fund to provide for the dislocated worker programs established under sections 268.975 to 268.98; including vocational guidance, training, placement, and job development.*

*(b) All money in the dedicated fund is appropriated to the commissioner who must act as the fiscal agent for the money and must disburse the money for the purposes of this section, not allowing the money to be used for any other obligation of the state. All money in the dedicated fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for the other dedicated funds in the state treasury, except that all interest or net income resulting from the investment or deposit of money in the fund shall accrue to the fund for the purposes of the fund.*

*(c) No more than five percent of the dedicated funds collected in each fiscal year may be used by the department of jobs and training for its administrative costs.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 268.977, subdivision 1, is amended to read:

*Subdivision 1. [PROGRAM ESTABLISHMENT.] (a) The commissioner shall establish a rapid response program to assist employees, employers, business organizations or associations, labor organizations, local government units, and community organizations to quickly and effectively respond to announced or actual plant closings and substantial layoffs.*

*(b) The program must include or address at least the following:*

(1) within five working days after becoming aware of an announced or actual plant closing or substantial layoff, establish on-site contact with the employer, employees, labor organizations if there is one representing the employees, and leaders of the local government units and community organizations to provide coordination of efforts to formulate a communitywide response to the plant closing or substantial layoff, provide information on the public and private service and programs that might be available, inform the affected parties of the prefeasibility study grants under section 268.978, and collect any information required by the commissioner to assist in responding to the plant closing or substantial layoff;

(2) provide ongoing technical assistance to employers, employees, business organizations or associations, labor organizations, local government units, and community organizations to assist them in reacting to or developing responses to plant closings or substantial layoffs;

(3) establish and administer the prefeasibility study grant program under section 268.978 to provide an initial assessment of the feasibility of alternatives to plant closings or substantial layoffs;

(4) work with employment and training service providers, employers, business organizations or associations, labor organizations, local government units, *dislocated workers*, and community organizations in providing training, education, community support service, job search programs, job clubs, and other services to address the needs of potential or actual dislocated workers;

(5) coordinate with providers of economic development related financial and technical assistance services so that communities that are experiencing plant closings or substantial layoffs have immediate access to economic development related services; and

(6) collect and make available information on programs that might assist dislocated workers and the communities affected by plant closings or substantial layoffs.

### Sec. 3. [STUDY.]

*The governor shall appoint a commission to study and make legislative recommendations regarding worker displacement caused by corporate takeovers, buy outs, and other similar business ownership transfers and publicly funded economic development. The commission shall complete the study and report recommendations to the legislature before February 1, 1991.*

### Sec. 4. [SUNSET.]

*Section 1 is repealed effective June 30, 1992.*

### Sec. 5. [EFFECTIVE DATE.]

*Section 2 is effective the day following final enactment. Section 1 is effective January 1, 1991."*

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 1988, sections 4.071; 13.46, subdivision 5; 144.581, subdivision 1; 144A.073, by

adding a subdivision; 148B.23, by adding a subdivision; 151.06, subdivision 1; 151.25; 171.07, subdivision 1a; 214.07, subdivision 1, and by adding a subdivision; 241.26, subdivision 2; 244.05, by adding a subdivision; 245.467, subdivision 2; 245A.07, subdivision 3; 245A.08, subdivision 3; 245A.11, subdivision 4; 245A.14, subdivisions 1 and 2; 245A.16, subdivision 4; 252.27, as amended; 253B.17, subdivision 1; 254B.04, as amended; 254B.08; 256.73, subdivision 2; 256.736, subdivisions 1a and 3a; 256.7365, subdivision 2; 256.81; 256B.04, subdivisions 15 and 16; 256B.055, subdivisions 3, 5, 6, and 12; 256B.056, subdivisions 2, 7, and by adding a subdivision; 256B.0625, subdivisions 4, 5, 9, and by adding subdivisions; 256B.091, subdivisions 4 and 6; 256B.092, subdivisions 1a, 1b, and by adding subdivisions; 256B.15; 256B.19, by adding a subdivision; 256B.431, subdivision 3e, and by adding subdivisions; 256B.48, subdivision 2, and by adding a subdivision; 256B.49, by adding a subdivision; 256B.50, subdivisions 1 and 1b; 256B.501, subdivisions 3c, 3e, and by adding a subdivision; 256B.69, subdivision 3; 256B.73, subdivision 7, as amended; 256D.01, by adding a subdivision; 256D.02, subdivisions 5, 8, and 12; 256D.03, subdivision 7; 256D.052, subdivision 5; 256D.06, subdivision 2; 256E.06, subdivisions 2 and 7; 256H.01, by adding subdivisions; 256H.10, subdivisions 1 and 4; 256H.17; 260.151, by adding a subdivision; 268.673, subdivisions 3 and 5; 268.6751, subdivision 1; 268.676, subdivision 2; 268.677, subdivisions 2 and 3; 268.678; 268.681, subdivisions 1, 2, and 3; 268.86, subdivision 8; 268.871, subdivisions 1, 2, and by adding a subdivision; 268.90, subdivisions 1, 3, and 4; 462.357, subdivisions 7 and 8; 518.171, subdivisions 1, 3, 4, and 7; 518.54, by adding subdivisions; 518.551, subdivisions 1 and 5; 518.611, subdivisions 1, 2, 8, 8a, and by adding a subdivision; 518C.02, by adding subdivisions; 518C.03; 518C.05; 518C.09; 518C.12; and 518C.27, subdivision 1; Minnesota Statutes 1989 Supplement, sections 116.76, subdivision 9; 116.78, by adding subdivisions; 144.50, subdivision 6; 144.802, subdivision 3; 144.804, subdivisions 1 and 7; 144.809; 144.8091; 145.894; 245.467, subdivision 3; 245.469; 245.70, subdivision 1; 245.4711, subdivisions 1, 2, and 3; 245.474; 245.487, subdivisions 2 and 5; 245.4871, subdivision 3; 245.4873, subdivision 2; 245.4874; 245.4875, subdivision 5; 245.4876, subdivisions 2, 3, and 4; 245.4879; 245.488, subdivision 1; 245.4881, subdivisions 1, 2, 3, and 4; 245.4882, subdivision 1; 245.4883, subdivision 1; 245.4885, subdivisions 1 and 2; 245.696, subdivision 2; 245.697, subdivision 2a; 245.73, subdivision 2; 245A.02, subdivision 6a; 245A.03, subdivision 2; 245A.04, subdivisions 3, 3a, and 3b; 245A.12; 245A.13; 245A.16, subdivision 1; 252.46, subdivisions 1, 2, 3, 4, and 12; 253B.03, subdivision 6a; 254B.03, subdivision 4; 256.73, subdivision 3a; 256.736, subdivisions 3, 3b, 4, 10, 10a, 11, 14, 16, and 18; 256.737, subdivisions 1, 1a, and 2; 256.74, subdivision 1; 256.936, subdivision 1; 256.969, subdivisions 2c and 6a; 256.9695, subdivisions 1 and 3; 256B.055, subdivision 7; 256B.056, subdivisions 3 and 4; 256B.057, subdivisions 1, 2, and by adding subdivisions; 256B.0575; 256B.059, subdivisions 4 and 5; 256B.0595, subdivisions 1, 2, and 4; 256B.0625, subdivision 13; 256B.14; 256B.431, subdivisions 2b and 7; 256B.495, subdivision 1; 256B.69, subdivision 16; 256D.01, subdivision 1a; 256D.03, subdivisions 3 and 4; 256D.051, subdivisions 1a, 1b, 2, 3, and 8; 256D.09, subdivision 2a; 256D.425, subdivision 3; 256H.01, subdivisions 7, 8, and 12; 256H.03, subdivisions 2, 2a, and 2b; 256H.05, subdivisions 1b, 1c, 2, and 5; 256H.08; 256H.09, subdivision 1; 256H.10, subdivision 3; 256H.11, subdivision 1; 256H.15, subdivisions 1 and 2; 256H.21, subdivision 9; 256H.22, subdivisions 2, 3, and 10; 256I.05, subdivisions 1 and 7; 257.57, subdivision

1; 268.0111, subdivision 4; 268.86, subdivision 2; 268.88; 268.881; 268.977, subdivision 1; 515.551, subdivision 10; 518.611, subdivision 4; and 518.613, subdivision 2; Minnesota Statutes Second 1989 Supplement, sections 256B.091, subdivision 8; and 256D.03, subdivisions 2 and 6; Laws 1988, chapter 689, article 2, section 256, subdivision 3; Laws 1989, chapters 282, article 3, section 98, subdivisions 4 and 5; and 338, section 11; 1990 S. F. No. 1698, section 1, if enacted; proposing coding for new law in Minnesota Statutes, chapters 62A; 144; 151; 244; 245; 245A; 252; 254A; 256; 256B; and 268; repealing Minnesota Statutes 1988, sections 256.736, subdivisions 1b, 2a, 8, and 17; 256.7365, subdivision 8; 256D.06, subdivision 1c; 256H.01, subdivision 14; 256H.16; 268.672, subdivision 12; 268.86, subdivision 9; and 268.872, subdivision 3; Minnesota Statutes 1989 Supplement, sections 245.4711, subdivisions 6, 7, and 8; 245.4881, subdivisions 6, 7, 8, 9, and 10; 256B.055, subdivision 8; 256B.431, subdivisions 3a and 3f; 256H.05, subdivisions 1, 1a, and 3a; Laws 1989, chapter 333, section 11, subdivisions 1 and 3.”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Don Samuelson, Linda Berglin, Pat Piper, Howard A. Knutson, Sam G. Solon

House Conferees: (Signed) Lee Greenfield, Peter Rodosovich, Mary Murphy, Gloria Segal, Dave Gruenes

### CALL OF THE SENATE

Mr. Samuelson imposed a call of the Senate for the balance of the proceedings on S.F. No. 2621. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Samuelson moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2621 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 35 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kroening	Morse	Samuelson
Berglin	Flynn	Lantry	Novak	Schmitz
Brandl	Frank	Luther	Pehler	Solon
Cohen	Frederickson, D.J.	Marty	Peterson, R.W.	Spear
Dahl	Freeman	Metzen	Piper	Stumpf
Davis	Hughes	Moe, D.M.	Pogemiller	Vickerman
DeCramer	Johnson, D.J.	Moe, R.D.	Reichgott	Waldorf

Those who voted in the negative were:

Anderson	Bertram	Johnson, D.E.	Lessard	Ramstad
Beckman	Brataas	Knaak	McGowan	Renneke
Belanger	Decker	Knutson	McQuaid	Storm
Benson	Frederick	Laidig	Olson	
Berg	Frederickson, D.R.	Langseth	Pariseau	
Bernhagen	Gustafson	Larson	Piepho	

The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2621 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 27, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Luther	Pehler	Spear
Berglin	Frank	Marty	Peterson, R. W.	Stumpf
Brandl	Frederickson, D.J.	Merriam	Piper	Vickerman
Cohen	Freeman	Metzen	Pogemiller	Waldorf
Dahl	Hughes	Moe, D.M.	Reichgott	
Davis	Johnson, D.J.	Moe, R.D.	Samuelson	
DeCramer	Kroening	Morse	Schmitz	
Dicklich	Lantry	Novak	Solon	

Those who voted in the negative were:

Anderson	Bertram	Johnson, D.E.	Lessard	Ramstad
Beckman	Brataas	Knaak	McGowan	Renneke
Belanger	Decker	Knutson	McQuaid	Storm
Benson	Frederick	Laidig	Olson	
Berg	Frederickson, D.R.	Langseth	Pariseau	
Bernhagen	Gustafson	Larson	Piepho	

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. Kroening moved that the following members be excused for a Conference Committee on H.F. No. 2419 at 9:30 p.m.:

Messrs. Frederickson, D.R.; Lessard; Luther; Merriam and Kroening. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 394 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 394

A bill for an act relating to education; requiring a report on preparation of post-secondary education administrators and faculty.

April 20, 1990

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. 394, 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. 394 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [REPORT ON TRAINING OF POST-SECONDARY ADMINISTRATION AND FACULTY.]

*Subdivision 1. [LEGISLATIVE INTENT.] The Minnesota legislature*

*recommends that (1) post-secondary administrators have training in administrative skills relevant to their position in areas such as management, affirmative action, human relations, and contract negotiations; and (2) faculty have training in educational psychology, teaching methods, and advising students. Similar training is recommended for students preparing for post-secondary teaching or administrative careers.*

*Subd. 2. [REPORT.] Each post-secondary governing board shall examine its current programs that provide initial training and continuing education for its administrators and faculty to improve their administrative, teaching, and advising skills. The boards shall report to the education committees on their existing programs and their future plans by January 15, 1991."*

Delete the title and insert:

"A bill for an act relating to education; recommending post-secondary education administrators and faculty members take certain coursework."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ronald R. Dicklich, Jim Ramstad, Gregory L. Dahl

House Conferees: (Signed) Mike Jaros, Mary Jo McGuire, Dick Pellow

Mr. Dicklich moved that the foregoing recommendations and Conference Committee Report on S.F. No. 394 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. 394 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	Decker	Knaak	Moe, D.M.	Samuelson
Anderson	DeCramer	Knutson	Moe, R.D.	Schmitz
Beckman	Dicklich	Langseth	Morse	Solon
Belanger	Flynn	Lantry	Olson	Spear
Benson	Frank	Larson	Pariseau	Storm
Berglin	Frederick	Lessard	Piepho	Stumpf
Bernhagen	Frederickson, D.J.	Marty	Piper	Vickerman
Bertram	Frederickson, D.R.	McGowan	Pogemiller	Waldorf
Cohen	Gustafson	McQuaid	Ramstad	
Dahl	Hughes	Merriam	Reichgott	
Davis	Johnson, D.E.	Metzen	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. 1942 and the Conference Committee Report thereon were reported to the Senate.



**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1942**

A bill for an act relating to insurance; making changes in arbitration proceedings concerning no-fault automobile insurance; amending Minnesota Statutes 1988, section 65B.525, by adding a subdivision; and Minnesota Statutes 1989 Supplement, section 72A.327.

April 20, 1990

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. 1942, 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. 1942 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 65B.44, subdivision 2, is amended to read:

Subd. 2. [MEDICAL EXPENSE BENEFITS.] Medical expense benefits shall reimburse all reasonable expenses for necessary medical, surgical, X-ray, optical, dental, chiropractic, and rehabilitative services, including prosthetic devices, prescription drugs, necessary ambulance and all other reasonable transportation expenses incurred in traveling to receive covered medical benefits, hospital, extended care and nursing services. Hospital room and board benefits may be limited, except for intensive care facilities, to the regular daily semiprivate room rates customarily charged by the institution in which the recipient of benefits is confined. Such benefits shall also include necessary remedial treatment and services recognized and permitted under the laws of this state for an injured person who relies upon spiritual means through prayer alone for healing in accordance with that person's religious beliefs. Medical expense loss includes medical expenses accrued prior to the death of a person notwithstanding the fact that benefits are paid or payable to the decedent's survivors. Medical expense benefits for rehabilitative services shall be subject to the provisions of section 65B.45. *Medical expense benefits for medical procedures and treatment are subject to section 65B.451.*

Sec. 2. [65B.451] [MEDICAL PROCEDURES AND TREATMENT.]

*Subdivision 1. [NOTICE.] If an injured person has undertaken a medical procedure or treatment that is subject to section 65B.44, subdivision 2, the treating health professional must give written notice to the insurer within 60 days of the initial procedure or treatment, unless the insurer knows or has reason to know of the undertaking. The injured person must provide the treating health professional with the name and address of the insurer of the injured person. The insurer must notify the treating health professional if the insurer is not the reparation obligor. The notice must include the name and address of the treating health professional, a statement from the treating health professional of the medical procedure performed or the medical treatment provided, and the billing statement for the procedure or treatment provided up to the date of the notice.*

*Subd. 2. [BILLING STATEMENT.] Procedures or treatments provided*

*on or after the date of the notice must be billed no later than 60 days after the date of the procedure or treatment.*

*Subd. 3. [FAILURE TO SUBMIT NOTICE OR BILLING STATEMENT.] If the treating health professional does not submit the required notice or monthly billing statement within the specified time, the reparation obligor and the injured person are not responsible for the expense incurred for the medical procedure or treatment, unless failure to give timely notice or submit the billing statement within the required time is the result of excusable neglect.*

*Subd. 4. [EXEMPTION.] This section does not apply to a hospital as defined in section 144.50, subdivision 2, a physician who provides the medical procedure or treatment in a hospital, or an ambulance service as defined in section 144.801, subdivision 4.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 65B.525, subdivision 1, is amended to read:

Subdivision 1. ~~Except as otherwise provided in section 72A.327,~~ The supreme court and the several courts of general trial jurisdiction of this state shall by rules of court or other constitutionally allowable device, provide for the mandatory submission to binding arbitration of all cases at issue where the claim at the commencement of arbitration is in an amount of \$5,000 or less against any insured's reparation obligor for no-fault benefits or comprehensive or collision damage coverage.

Sec. 4. Minnesota Statutes 1988, section 65B.525, is amended by adding a subdivision to read:

*Subd. 3. [ENTRY OF ORDER.] An order on an arbitration proceeding under subdivision 1 or 2 must be entered within 90 days of submission of a case for arbitration.*

Sec. 5. [65B.526] [NO-FAULT INSURANCE; CLAIM DENIAL.]

*Subdivision 1. [ADVERSE MEDICAL EVALUATION.] No insurer shall deny a claim by an insured under no-fault coverage on the basis of a medical evaluation by a health professional selected by the insurer within the initial 210 days after the accident giving rise to the injury being treated unless: (1) the insurer allows the insured the option of obtaining a medical evaluation by a neutral health care provider from the roster established pursuant to subdivision 2; and (2) if the option is exercised, the medical evaluation is consistent with the insurer's initial evaluation. If the option is not exercised, the insurer may deny the claim. The cost of this evaluation must be borne by the insurer at a rate at least equal to the rate the insurer has customarily paid for similar medical evaluations. The medical evaluation required in this subdivision must be performed by a health professional, as defined in section 72A.491, subdivision 9, qualified to evaluate the injury that is the subject of the claim and having a licensure and specialty designation specified by the insurer.*

*Subd. 2. [NEUTRAL HEALTH CARE PROVIDER ROSTER.] The commissioner of commerce shall make any necessary rules to carry out the purposes of this section including, but not limited to, maintaining a roster. Every health professional is eligible to be placed on the roster. Health professionals on the roster must agree not to treat the insured or claimant after the evaluation for the injury that is the subject of the claim, except as permitted by the commissioner. The commissioner shall select the person*

*from the roster who is to provide the medical examination. This assignment shall be made by a random procedure, to be established by rule, based upon sub-pools within the roster. The sub-pools must be based upon geographic location of the health professional's office or offices and upon the licensure or designated specialty of the health professional. The commissioner shall by rule establish a procedure ensuring that neutral medical evaluations are normally completed within 30 days of receipt by the commissioner of a request from the insurer. The health professional must submit the medical evaluation report within 15 days of the completion of the evaluation. The state boards, or other officers whose duty it is to license or register a system or branch of healing, must provide the information the commissioner requires to develop and maintain the roster, and must provide any other assistance the commissioner requires.*

*Subd. 3. [NONAPPLICATION.] This section does not apply if the insurer's initial medical evaluation is performed by a neutral health care provider from the roster established pursuant to subdivision 2 and selected by the commissioner using the procedure set forth in subdivision 2.*

Sec. 6. Minnesota Statutes 1988, section 72A.201, subdivision 8, is amended to read:

Subd. 8. [STANDARDS FOR CLAIM DENIAL.] The following acts by an insurer, adjuster, or self-insured, or self-insurance administrator constitute unfair settlement practices:

(1) denying a claim or any element of a claim on the grounds of a specific policy provision, condition, or exclusion, without informing the insured of the policy provision, condition, or exclusion on which the denial is based;

(2) denying a claim without having made a reasonable investigation of the claim;

(3) denying a liability claim because the insured has requested that the claim be denied;

(4) denying a liability claim because the insured has failed or refused to report the claim, unless an independent evaluation of available information indicates there is no liability;

(5) denying a claim without including the following information:

(i) the basis for the denial;

(ii) the name, address, and telephone number of the insurer's claim service office or the claim representative of the insurer to whom the insured or claimant may take any questions or complaints about the denial; and

(iii) the claim number and the policy number of the insured;

(6) denying a claim because the insured or claimant failed to exhibit the damaged property unless:

(i) the insurer, within a reasonable time period, made a written demand upon the insured or claimant to exhibit the property; and

(ii) the demand was reasonable under the circumstances in which it was made;

(7) failing to comply with section 65B.526.

Sec. 7. [REPEALER.]

*Minnesota Statutes 1989 Supplement, section 72A.327, is repealed. Sections 5 and 6 are repealed December 31, 1991.*

**Sec. 8. [EFFECTIVE DATE.]**

*Sections 3, 4, and 7 are effective the day following final enactment. Sections 5 and 6 are effective January 1, 1991, except that the permanent rulemaking authority authorized in section 5 is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to insurance; regulating no-fault insurance claim denials; amending Minnesota Statutes 1988, sections 65B.44, subdivision 2; 65B.525, by adding a subdivision; and 72A.201, subdivision 8; Minnesota Statutes 1989 Supplement, section 65B.525, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 65B; repealing Minnesota Statutes 1989 Supplement, section 72A.327."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) John E. Brandl, Michael O. Freeman

House Conferees: (Signed) Ted Winter, Wes Skoglund, Tony Onnen

**CALL OF THE SENATE**

Mr. Brandl imposed a call of the Senate for the balance of the proceedings on S.F. No. 1942. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Brandl moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1942 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Cohen moved that the recommendations and Conference Committee Report on S.F. No. 1942 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the motion of Mr. Cohen.

Mr. Larson moved that those not voting be excused from voting. The motion did not prevail.

Mr. Belanger moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 34 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	Bertram	Johnson, D.E.	McGowan	Ramstad
Anderson	Brataas	Knaak	McQuaid	Renneke
Beckman	Cohen	Knutson	Merriam	Schmitz
Belanger	Decker	Laidig	Metzen	Solon
Benson	Frederick	Larson	Olson	Storm
Berg	Frederickson, D.R.	Lessard	Pariseau	Vickerman
Bernhagen	Gustafson	Marty	Piepho	

Those who voted in the negative were:

Berglin	Flynn	Langseth	Novak	Spear
Brandl	Frank	Lantry	Pehler	Stumpf
Dahl	Frederickson, D.J.	Luther	Piper	Waldorf
Davis	Hughes	Moe, D.M.	Pogemiller	
DeCramer	Johnson, D.J.	Moe, R.D.	Reichgott	
Dicklich	Kroening	Morse	Samuelson	

The motion prevailed.

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 1873 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1873**

A bill for an act relating to crime victims; providing victims of delinquent acts the right to request notice of release of juvenile offenders from juvenile correctional facilities; providing notice to sexual assault victims when a juvenile offender is released from pretrial detention; requiring that victims be informed of their right to request the withholding of public law enforcement data that identifies them; clarifying the duty of court administrators to disburse restitution payments; making certain changes to the crime victims reparations act; amending Minnesota Statutes 1988, sections 611A.53, subdivision 2; and 611A.57, subdivision 6; Minnesota Statutes 1989 Supplement, sections 13.84, subdivision 5a; 260.161, subdivision 2; 611A.04, subdivision 2; 611A.06; 611A.52, subdivision 8; and 629.73; proposing coding for new law in Minnesota Statutes, chapter 611A.

April 12, 1990

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. 1873, 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. 1873 be further amended as follows:

Page 2, line 8, before "address" insert "home"

Page 3, after line 10, insert:

"Sec. 3. Minnesota Statutes 1988, section 609.135, subdivision 1, is amended to read:

Subdivision 1. [TERMS AND CONDITIONS.] Except when a sentence of life imprisonment is required by law, or when a mandatory minimum term of imprisonment is required by section 609.11, any court may stay imposition or execution of sentence and (a) may order ~~noninstitutional~~ *intermediate* sanctions without placing the defendant on probation, or (b) may place the defendant on probation with or without supervision and on the terms the court prescribes, including ~~noninstitutional~~ *intermediate* sanctions when practicable. The court may order the supervision to be under the probation officer of the court, or, if there is none and the conviction is for a felony or gross misdemeanor, by the commissioner of corrections, or

in any case by some other suitable and consenting person. No ~~noninstitutional~~ *intermediate* sanction may be ordered performed at a location that fails to observe applicable requirements or standards of chapter 181A or 182, or any rule promulgated under them. For purposes of this subdivision, subdivision 6, and section 609.14, the term "~~noninstitutional~~ *intermediate* sanctions" includes but is not limited to *incarceration in a local jail or workhouse, home detention, electronic monitoring, intensive probation, sentencing to service, reporting to a day reporting center, chemical dependency or mental health treatment or counseling, restitution, fines, day-fines, community work service, and work in lieu of or to work off fines.*

A court may not stay the revocation of the driver's license of a person convicted of violating the provisions of section 169.121.

Sec. 4. Minnesota Statutes 1988, section 609.135, subdivision 6, is amended to read:

Subd. 6. [PREFERENCE FOR ~~NONINSTITUTIONAL~~ *INTERMEDIATE* SANCTIONS.] A court staying imposition or execution of a sentence that does not include a term of incarceration as a condition of the stay shall order ~~noninstitutional~~ *other intermediate* sanctions where practicable.

Sec. 5. Minnesota Statutes 1988, section 609.14, is amended to read:  
609.14 [REVOCATION OF STAY.]

Subdivision 1. [GROUNDS.] When it appears that the defendant has violated any of the conditions of probation or ~~noninstitutional~~ *intermediate* sanction, or has otherwise been guilty of misconduct which warrants the imposing or execution of sentence, the court may without notice revoke the stay thereof and probation and direct that the defendant be taken into immediate custody.

Subd. 2. The defendant shall thereupon be notified in writing and in such manner as the court directs of the grounds alleged to exist for revocation of the stay of imposition or execution of sentence. If such grounds are brought in issue by the defendant, a summary hearing shall be held thereon at which the defendant is entitled to be heard and to be represented by counsel.

Subd. 3. [SENTENCE.] If any of such grounds are found to exist the court may:

(1) If imposition of sentence was previously stayed, again stay sentence or impose sentence and stay the execution thereof, and in either event place the defendant on probation or order ~~noninstitutional~~ *intermediate* sanctions pursuant to section 609.135, or impose sentence and order execution thereof; or

(2) If sentence was previously imposed and execution thereof stayed, continue such stay and place the defendant on probation or order ~~noninstitutional~~ *intermediate* sanctions in accordance with the provisions of section 609.135, or order execution of the sentence previously imposed.

Subd. 4. If none of such grounds are found to exist, the defendant shall be restored to liberty under the previous order of the court.

Sec. 6. Minnesota Statutes 1988, section 631.48, is amended to read:  
631.48 [PENALTY MAY INCLUDE COSTS OF PROSECUTION.]

In a criminal action, upon conviction of the defendant, the court may

order as part of the sentence that defendant shall pay the whole or any part of the disbursements of the prosecution, *including disbursements made to extradite a defendant*. The court may order this payment in addition to any other penalty authorized by law which it may impose. The payment of the disbursements of prosecution may be enforced in the same manner as the sentence, or by execution against property. When collected, the disbursements must be paid into the treasury of the county of conviction, but this payment may not interfere with the payment of officers', witnesses', or jurors' fees."

Page 3, line 11, delete "3" and insert "7"

Page 3, line 16, delete "4" and insert "8"

Page 3, line 33, delete "5" and insert "9"

Page 4, line 26, delete "6" and insert "10"

Page 6, line 30, delete "7" and insert "11"

Page 8, line 2, delete "8" and insert "12"

Page 8, line 14, delete "9" and insert "13"

Page 9, after line 4, insert:

"Sec. 14. [EFFECTIVE DATE.]

*Sections 10 to 12 are effective June 30, 1990.*"

Delete the title and insert:

"A bill for an act relating to crime; providing victims of delinquent acts the right to request notice of release of juvenile offenders from juvenile correctional facilities; providing notice to sexual assault victims when a juvenile offender is released from pretrial detention; requiring that victims be informed of their right to request the withholding of public law enforcement data that identifies them; clarifying the duty of court administrators to disburse restitution payments; making certain changes to the crime victims reparations act; authorizing the court to order intermediate sanctions as a condition of probation; defining intermediate sanctions; providing for payment of costs of extradition; amending Minnesota Statutes 1988, sections 609.135, subdivisions 1 and 6; 609.14; 611A.53, subdivision 2; 611A.57, subdivision 6; and 631.48; Minnesota Statutes 1989 Supplement, sections 13.84, subdivision 5a; 260.161, subdivision 2; 611A.04, subdivision 2; 611A.06; 611A.52, subdivision 8; and 629.73; proposing coding for new law in Minnesota Statutes, chapter 611A."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Richard J. Cohen, Ember D. Reichgott

House Conferees: (Signed) Arthur W. Seaberg, Randy C. Kelly, Sandy Pappas

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1873 be now adopted, and that the bill be repassed as amended by the Conference Committee.

### CALL OF THE SENATE

Mr. Cohen imposed a call of the Senate for the balance of the proceedings on S.F. No. 1873. The Sergeant at Arms was instructed to bring in the

absent members.

The question recurred on the motion of Mr. Cohen. The motion prevailed. So the recommendation and Conference Committee Report were adopted.

S.F. No. 1873 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	Hughes	McQuaid	Pogemiller
Anderson	Davis	Johnson, D.E.	Metzen	Ramstad
Beckman	Decker	Knaak	Moe, D.M.	Reichgott
Belanger	DeCramer	Knutson	Morse	Renneke
Benson	Dicklich	Laidig	Novak	Schmitz
Berg	Flynn	Langseth	Olson	Solon
Berglin	Frank	Lantry	Pariseau	Spear
Bernhagen	Frederick	Larson	Pehler	Storm
Bertram	Frederickson, D.J.	Luther	Peterson, R.W.	Stumpf
Brandl	Freeman	Marty	Piepho	Vickerman
Brataas	Gustafson	McGowan	Piper	Waldorf

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

## MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1946 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1946

A bill for an act relating to agriculture; providing for deficiency judgments relating to foreclosure and sale of mortgages on property used in agricultural production; requiring fair market value to be determined by the court; extending period for execution on judgment; amending Minnesota Statutes 1988, sections 500.24, subdivision 4; 582.30, subdivisions 3, 4, 5, and 6.

April 20, 1990

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. 1946, 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. 1946 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 500.24, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) The chief executive officer of every pension or investment fund, corporation, 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, 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 ten 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;

(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, 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) *The commissioner or the commissioner's authorized representative may enter into a written agreement with a person required to file a report under this subdivision who, for good cause shown, has failed to make a timely filing. An agreement must be construed as a "no contest" pleading and may encompass a reduction or waiver of the civil penalty for late filing. The agreement is final and conclusive with respect to the civil penalty, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The matter agreed upon in the agreement may not be reopened or modified by an officer, employee, or agent of the state. The report required under paragraph (b) must be completed prior to a reduction or waiver under this paragraph. The commissioner may enter into an agreement only once for each person required to file under this subdivision.*

(d) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Sec. 2. Minnesota Statutes 1988, section 582.30, subdivision 3, is amended to read:

Subd. 3. [MORTGAGE ON AGRICULTURAL PROPERTY ENTERED AFTER MARCH 22, 1986.] (a) If a mortgage entered after March 22, 1986 on property used in agricultural production is foreclosed and sold, a deficiency judgment may only be obtained by filing a ~~separate~~ *an action for a deficiency judgment and a determination of the fair market value of the property* within 90 days after the foreclosure sale. *In the action all issues of fact, including determination of the fair market value of the property, shall be tried by a jury unless a jury trial is waived as provided in Minnesota district court rules.* A court may allow a deficiency judgment only if it determines that the sale of the property was conducted in a commercially reasonable manner.

(b) The amount of the deficiency judgment is limited to the difference of the fair market value of the property, and the amount remaining unpaid on the mortgage if the foreclosure is under chapter 580 or the amount of the judgment if the foreclosure is under chapter 581. ~~A separate jury proceeding must be brought to determine the fair market value of the property.~~ The property may not be presumed to be sold for its fair market value. A party adversely affected by a deficiency judgment may submit evidence relevant to establishing the fair market value of the property. Notice of the time and place where the *action for the deficiency judgment and the determination of fair market value of the property* is to be ~~determined~~ *heard* must be given to all parties adversely affected by the judgment.

Sec. 3. Minnesota Statutes 1988, section 582.30, subdivision 4, is amended to read:

Subd. 4. [JUDGMENT ON MORTGAGE NOTE.] A personal judgment may not be executed against a mortgagor liable on a mortgage note entered

after March 22, 1986 secured by real property used in agricultural production, unless the fair market value of the property is determined by a jury in a ~~separate~~ proceeding as provided in subdivision 3, paragraph (b). The personal judgment on the mortgage note may not be for more than the difference of the amount due on the note and the fair market value of the property.

Sec. 4. Minnesota Statutes 1988, section 582.30, subdivision 5, is amended to read:

Subd. 5. [MORTGAGE ON AGRICULTURAL PROPERTY ENTERED ON OR BEFORE MARCH 22, 1986.] (a) If a mortgage entered on or before March 22, 1986 on property used in agricultural production is foreclosed and sold, a deficiency judgment may only be obtained by filing a ~~separate~~ an action for a deficiency judgment and a determination of the fair market value of the property within 90 days after the foreclosure sale. *In the action all issues of fact, including determination of the fair market value of the property, shall be tried by a jury unless a jury trial is waived as provided in Minnesota district court rules.* A court may allow a deficiency judgment only if it determines that the sale of the property was conducted in a commercially reasonable manner.

(b) The amount of the deficiency judgment is limited to the difference of the fair market value of the property, and the amount remaining unpaid on the mortgage if the foreclosure is under chapter 580 or the amount of the judgment if the foreclosure is under chapter 581. ~~A separate jury proceeding must be brought to determine the fair market value of the property.~~ The property may not be presumed to be sold for its fair market value. A party adversely affected by a deficiency judgment may submit evidence relevant to establishing the fair market value of the property. Notice of the time and place where the *action for the deficiency judgment and the determination of fair market value of the property* is to be ~~determined~~ heard must be given to all parties adversely affected by the judgment.

Sec. 5. Minnesota Statutes 1988, section 582.30, subdivision 6, is amended to read:

Subd. 6. [JUDGMENT ON MORTGAGE NOTE.] A personal judgment may not be executed against a mortgagor liable on a mortgage note entered on or before March 22, 1986 secured by real property used in agricultural production, unless the fair market value of the property is determined by a jury in a ~~separate~~ proceeding as provided in subdivision 5, paragraph (b). The personal judgment on the mortgage note may not be for more than the difference of the amount due on the note and the fair market value of the property.

Sec. 6. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment, but the provision allowing for an agreement concerning reduction or waiver of a civil penalty for late filing applies to a filing due April 15, 1989, or thereafter."*

Delete the title and insert:

"A bill for an act relating to real property; regulating mortgage foreclosures and judgments and the filing of reports on certain agricultural property; amending Minnesota Statutes 1988, sections 500.24, subdivision 4; and 582.30, subdivisions 3, 4, and 5."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Charles A. Berg, Don Anderson, John E. Brandl

House Conferees: (Signed) Jeff Bertram, Elton R. Redalen

Mr. Berg moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1946 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. 1946 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 11, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Knutson	Moe, D.M.	Pogemiller
Anderson	Cohen	Laidig	Moe, R.D.	Ramstad
Belanger	Decker	Langseth	Novak	Reichgott
Benson	Flynn	Lantry	Olson	Schmitz
Berg	Frederick	Larson	Pariseau	Storm
Bernhagen	Hughes	McGowan	Pehler	Stumpf
Bertram	Johnson, D.E.	McQuaid	Peterson, R. W.	Vickerman
Brandl	Knaak	Metzen	Piepho	Waldorf

Those who voted in the negative were:

Beckman	Dicklich	Johnson, D.J.	Morse	Renneke
Davis	Frederickson, D.J.	Marty	Piper	Spear
DeCramer				

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 1777 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1777**

A bill for an act relating to Ramsey county; setting the terms of charter commission members; amending Minnesota Statutes 1988, section 383A.553, subdivision 1.

April 23, 1990

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. 1777, 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) Richard J. Cohen, Gene Waldorf

House Conferees: (Signed) Dick Kostohryz, Mary Jo McGuire, Don Valento

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1777 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Knaak moved that the recommendations and Conference Committee Report on S.F. No. 1777 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

### CALL OF THE SENATE

Mr. Cohen imposed a call of the Senate for the balance of the proceedings on S.F. No. 1777. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Knaak.

The roll was called, and there were yeas 34 and nays 13, as follows:

Those who voted in the affirmative were:

Anderson	Brandl	Johnson, D.E.	McQuaid	Reichgott
Beckman	Brataas	Johnson, D.J.	Morse	Renneke
Belanger	Decker	Knaak	Novak	Schmitz
Berg	Dicklich	Laidig	Olson	Storm
Berglin	Flynn	Larson	Pariseau	Stumpf
Bernhagen	Frederick	Marty	Pehler	Vickerman
Bertram	Hughes	McGowan	Piepho	

Those who voted in the negative were:

Adkins	DeCramer	Langseth	Moe, D.M.	Spear
Cohen	Frederickson, D.J.	Lantry	Peterson, R. W.	
Davis	Knutson	Luther	Piper	

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 Senate File No. 1847, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1847: A bill for an act relating to human rights; amending the definition of age; clarifying medical information obtainable from prospective employees; clarifying protection for pregnant employees; prohibiting threats against home owners and renters; prohibiting discriminatory business practices; clarifying the meaning of business necessity and continuing violations; renumbering definitions; amending Minnesota Statutes 1988, sections 363.01, subdivision 28; 363.03, subdivisions 2, 8a, and by adding subdivisions; 363.06, subdivision 1, and by adding a subdivision; 363.071, by adding subdivisions; 363.116; Minnesota Statutes 1989 Supplement, sections 363.02, subdivision 1; and 363.03, subdivision 1.

Senate File No. 1847 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 1854, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1854: A bill for an act relating to government data practices; establishing procedures for computerized comparisons of data; requiring matching agreements; providing for contesting of data; requiring reviews and reports; imposing penalties; proposing coding for new law as Minnesota Statutes, chapter 13B.

Senate File No. 1854 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 2617, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2617: 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; reducing appropriations for the biennium ending June 30, 1991, with certain conditions; providing for the transfer of money in the state treasury; amending Minnesota Statutes 1989 Supplement, section 297B.09, subdivision 1.

Senate File No. 2617 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 2103, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2103 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 23, 1990

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2103**

A bill for an act relating to public employee retirement plans; requiring the regular reporting of investment performance results calculated on a time-weighted total rate of return basis; proposing coding for new law in Minnesota Statutes, chapter 356.

April 20, 1990

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. 2103, 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. 2103 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

STATE PATROL RETIREMENT PLAN MEMBERSHIP

Section 1. Minnesota Statutes 1988, section 43A.34, subdivision 4, is amended to read:

Subd. 4. [STATE PATROL, CONSERVATION AND CRIME BUREAU OFFICERS EXEMPTED.] Notwithstanding any provision to the contrary, (a) conservation officers and crime bureau officers who were first employed on or after July 1, 1973, and who are members of the state patrol retirement fund by reason of their employment, and members of the Minnesota state patrol ~~division~~ and *gambling enforcement divisions* of the department of public safety who are members of the state patrol retirement association by reason of their employment, shall not continue employment after attaining the age of 60 years, except for a fractional portion of one year that will enable the employee to complete the employee's next full year of allowable service as defined pursuant to section 352B.01, subdivision 3; and (b) conservation officers and crime bureau officers who were first employed and are members of the state patrol retirement fund by reason of their employment before July 1, 1973, shall not continue employment after attaining the age of 70 years.

Sec. 2. Minnesota Statutes 1989 Supplement, section 352.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] “State employee” does not include:

- (1) elective state officers;
- (2) students employed by the University of Minnesota, the state universities, and community colleges unless approved for coverage by the board of regents, the state university board, or the state board for community colleges, as the case may be;
- (3) employees who are eligible for membership in the state teachers retirement association except employees of the department of education who have chosen or may choose to be covered by the Minnesota state retirement system instead of the teachers retirement association;

(4) employees of the University of Minnesota who are excluded from coverage by action of the board of regents;

(5) officers and enlisted personnel in the national guard and the naval militia who are assigned to permanent peacetime duty and who under federal law are or are required to be members of a federal retirement system;

(6) election officers;

(7) persons engaged in public work for the state but employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;

(8) officers and employees of the senate and house of representatives or a legislative committee or commission who are temporarily employed;

(9) receivers, jurors, notaries public, and court employees who are not in the judicial branch as defined in section 43A.02, subdivision 25, except referees and adjusters employed by the department of labor and industry;

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

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

(12) employees of the Sibley House Association;

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

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

(15) state troopers;

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

(17) emergency employees in the classified service; except that if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other than a temporary basis, the employee shall be considered a "state employee" retroactively to the beginning of the pay period;

(18) persons described in section 352B.01, subdivision 2, clauses ~~(b)~~ and ~~(c)~~, formerly defined as state police officers (2) to (5);

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

(20) trainees paid under budget classification number 41, and other



trainee employees, except those listed in subdivision 2a, clause (10);

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

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

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

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

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

(26) examination monitors employed by departments, agencies, commissions, and boards to conduct examinations required by law;

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

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

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

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

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

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

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

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

(35) persons employed in subsidized on-the-job training, work experience, or public service employment as enrollees under the federal Comprehensive Employment and Training Act after March 30, 1978, unless the person has as of the later of March 30, 1978, or the date of employment sufficient service credit in the retirement system to meet the minimum vesting requirements for a deferred annuity, or the employer agrees in writing on forms prescribed by the director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the

federal Comprehensive Employment and Training Act, or the person agrees in writing on forms prescribed by the director to make the required employer contribution in addition to the required employee contribution;

(36) off-duty peace officers while employed by the metropolitan transit commission under section 629.40, subdivision 5; and

(37) persons who are employed as full-time firefighters by the department of military affairs and as firefighters are members of the public employees police and fire fund.

Sec. 3. Minnesota Statutes 1988, section 352B.01, subdivision 2, is amended to read:

Subd. 2. [MEMBER.] "Member" means:

~~(a)~~ (1) persons referred to and employed after June 30, 1943, under Laws 1929, chapter 355, as amended or supplemented, currently employed by the state, whose salaries or compensation is paid out of state funds;

~~(b)~~ (2) a conservation officer employed under section 97A.201, currently employed by the state, whose salary or compensation is paid out of state funds; ~~and~~

~~(c)~~ (3) a crime bureau officer who was employed by the crime bureau and was a member of the highway patrolmen's retirement fund on July 1, 1978, whether or not that person has the power of arrest by warrant after that date, or who is employed as police personnel, with powers of arrest by warrant under section 299C.04, and who is currently employed by the state, and whose salary or compensation is paid out of state funds;

(4) a person who is employed by the state in the department of public safety in a data processing management position with salary or compensation paid from state funds, who was a crime bureau officer covered by the state patrol retirement plan on August 15, 1987, and who was initially hired in the data processing management position within the department during September 1987, or January 1988, with membership continuing for the duration of the person's employment in that position, whether or not the person has the power of arrest by warrant after August 15, 1987; and

(5) public safety employees defined as peace officers in section 626.84, subdivision 1, paragraph (c), and employed with the division of gambling enforcement under section 299L.01.

Sec. 4. Minnesota Statutes 1988, section 352B.14, subdivision 4, is amended to read:

Subd. 4. [RETIREEES UNDER OLD LAW.] A member defined in section 352B.01, subdivision 2, clause ~~(a)~~ (1), who has retired and began collecting a retirement annuity before April 21, 1961, or any surviving spouse or child who began collecting an annuity or benefit before April 21, 1961, shall continue to receive an annuity or benefit in the amount and subject to the conditions specified in the law before April 21, 1961.

Sec. 5. [PAYMENT OF OMITTED CONTRIBUTION AMOUNTS.]

(a) A person affected by section 3 who has not made the full member contribution to the state patrol retirement plan for service before the effective date of this section shall pay the amount of omitted member contributions, plus annual compound interest at the rate of 8.5 percent. The

*omitted member contribution amount and interest must be paid by January 1, 1991. The person shall be paid a refund from any other Minnesota public pension plan for the period of the omitted member contributions and service credit for that period in that plan is forfeited upon receipt of the refund.*

*(b) Upon payment of the omitted member contribution amount under paragraph (a), the department of public safety shall pay an amount equal to the amount of the omitted member contribution multiplied by the factor of 2.224. This omitted employer contribution must be paid within 30 days of the payment of the omitted member contribution amount.*

**Sec. 6. [EFFECTIVE DATE.]**

*Sections 1 to 5 are effective on the day following final enactment.*

**ARTICLE 2**

**PENSION PLAN INVESTMENT PERFORMANCE REPORTING**

**Section 1. [356.218] [INVESTMENT PERFORMANCE REPORT.]**

*Subdivision 1. [REPORT REQUIRED.] (a) Unless paragraph (c) applies, the chief administrative officer of a public pension plan with an associated pension fund or investment fund specified in subdivision 2 shall annually prepare and file an investment performance report meeting the contents requirements of subdivision 3. The report must be filed with or distributed as specified in paragraph (b) by April 1 each year and must cover the previous calendar year. The report must be prepared under the supervision or at the direction of the chief administrative officer and must be signed by that officer. The investment performance report is a public record.*

*(b) A copy of the report or a synopsis of the report must be distributed to each member of the pension plan and must be filed with the chief administrative officer of each employing unit making employer contributions to the pension plan. A copy of the report also must be filed with the executive director of the legislative commission on pensions and retirement.*

*(c) This section does not apply to the state board of investment. This section also does not apply to a public pension plan if all assets of the pension fund or investment fund attributable to the public pension plan are invested by the state board of investment under chapters 11A and 356A and if the executive director of the state board of investment makes public in an annual report or in other documents the fiscal year investment performance results of the pension fund or investment fund attributable to the pension plan that substantially meet the requirements of subdivision 3 for that fiscal year period.*

*Subd. 2. [COVERED PUBLIC PENSION PLANS.] The provisions of this section apply to any Minnesota public pension plan, including a local police or firefighters relief association governed by sections 69.77 or 69.771 to 69.775, that has assets with a book value of at least \$500,000 as of the end of the preceding plan year.*

*Subd. 3. [CONTENTS OF THE INVESTMENT PERFORMANCE REPORT.] The investment performance report required by this section must contain the time-weighted total rate of return results for each quarter and annually for each significant asset class or type of investment and for the portfolio as a whole. The time-weighted rate of return results must be*

*computed using market values and the formula or formulas prescribed by the state board of investment under section 11A.04, clause (11). The person performing the calculations shall certify conformance to that formula or those formulas. The investment performance report may also include any additional investment performance or investment related information that the chief administrative officer considers necessary to provide an adequate summary of the performance of the portfolio. The additional information must be clearly indicated as a supplement to the information required by this subdivision. The executive director of the legislative commission on pensions and retirement shall prescribe the forms on which the report must be submitted and may prescribe other directions for submitting the report.*

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective on July 1, 1990.*

ARTICLE 3

STATE UNIVERSITY AND COMMUNITY COLLEGE

FACULTY RETIREMENT PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 136.81, subdivision 1, is amended to read:

Subdivision 1. [DEDUCTIONS.] The state university board and the state board for community colleges shall deduct from the salary of each person described in section 136.80, subdivision 1, a sum equal to five percent of the person's annual salary paid between \$6,000 and \$15,000. The deduction must be made in the same manner as other retirement deductions are made from the salary of the person. The employer shall make a contribution to the plan on behalf of every covered person in an amount equal to the deductions made from the salary of the person. If an agreement is made under section 356.24 for additional employer contributions, an amount equal to the additional employer contribution must be deducted from the person's annual salary above \$15,000 as specified in this subdivision. ~~The money deducted and the employer contribution must be deposited to the credit of the state university and community college supplemental retirement plan account of the teachers retirement fund. The account must be separate and distinct from other funds, accounts, or assets of the teachers retirement fund.~~ Two percent of the amount of the salary deductions and employer contributions ~~must be credited to the administrative expense reserve account of the supplemental retirement plan and must be used by the state university board and the state board for community colleges~~ for payment of necessary and reasonable administrative expenses of the ~~supplemental retirement plan as provided in section 354.65.~~

~~Deductions taken from the salary of a person for the supplemental retirement plan in error must, upon discovery and verification, be refunded to the person. Any related employer contributions must be refunded to the employer. The executive director shall establish a reserve reflecting any gains or losses realized due to the purchase and redemption of shares representing salary deductions and employer contributions made in error. The balance of the reserve remaining after the refund of contributions made in error must be credited annually to the administrative expense reserve account.~~

~~If salary deductions required under this section are omitted, the amount of the omitted salary deductions may be remitted by the person to the~~

supplemental retirement plan investment account of the teachers retirement association within 90 days following the association's written notification to the person of the omission, but not thereafter. If the omitted salary deductions are received from the person, the required employer contribution must be paid by the employer within 30 days after the association's written notification to the employer of the amount due.

Sec. 2. Minnesota Statutes 1988, section 136.81, is amended by adding a subdivision to read:

*Subd. 1a. [ADMINISTRATION.] The executive director of the teachers retirement association shall transfer the administration records of the supplemental retirement plan to the chancellor of the state university system and the chancellor of the state community college system on July 1, 1991. The chancellor of the state university system and the chancellor of the state community college system shall administer the supplemental retirement plan for their employees. The chancellors shall invest contributions made under this section, less amounts used for administrative expenses, as required by section 354B.05, subdivisions 2 and 3. The retirement contributions and death benefits provided by annuity contracts or custodial accounts purchased by the chancellors are owned by the plan and must be paid in accordance with the provisions of the annuity contracts or custodial accounts.*

Sec. 3. Minnesota Statutes 1989 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:

(b) The executive director shall redeem shares under this subdivision when requested to do so in writing on forms provided by the executive director by a person having shares to the credit of the employee's share account record if the person is age 55 or older and is no longer employed by the state university board or state board for community colleges. In such case the person 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, at their sole discretion, permit greater withdrawals in any one year.

(c) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director, 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. If the executive director finds that the person is totally and permanently disabled and will as a result be unable to return to similar employment, the person 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, at their sole discretion, permit greater withdrawals in any one year. If the person returns to good health, the person owes no restitution to the state or a fund established by its laws for a redemption under this paragraph.

(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 designated beneficiary*, when requested to do so in writing, on forms provided by the executive director, by the *surviving spouse designated beneficiary*. The *surviving spouse designated beneficiary* must receive the cash realized on the redemption of the shares. *If the designated beneficiary is a surviving spouse, the surviving spouse may direct the redemption of not more than 20 percent of the shares in the deceased spouse's person'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, their sole discretion, permit greater withdrawals in any one year. In that case the surviving spouse 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 must be redeemed by the executive director and the cash realized from the redemption must be distributed to the estate of the surviving spouse.*

(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 designated beneficiary, the surviving spouse must receive the cash realized on the redemption of the shares as provided in paragraph (d). If there is no surviving spouse, the executive director shall redeem all shares to the credit of the employee's share account record and pay the cash realized from the redemption to the estate of the deceased person.*

(f) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director, 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 (b) to (e). In that case, the person is entitled upon application to receive one-half of the cash realized on the redemption of shares and one-half must be credited to the administrative expense reserve account of the supplemental retirement plan for payment of necessary and reasonable administrative expenses of the supplemental retirement plan as provided in section 354.65.

Sec. 4. Minnesota Statutes 1989 Supplement, section 136.82, subdivision 2, is amended to read:

Subd. 2. [REDEMPTION OF SHARES AS AN ANNUITY.] A person who has shares to the credit of the employee's share account record, who

is 55 years of age or older and who is no longer employed by the state university board or the state board for community colleges or who is totally and permanently disabled pursuant to subdivision 1, paragraph (c), or who has the status of a surviving spouse of a person who has shares to the credit of the employee's share account pursuant to subdivision 1, paragraph (d) or (e), may redeem all or part of the shares to purchase an annuity by depositing the cash realized upon redemption with the executive director of the teachers retirement fund and receive in exchange an annuity for life or an optional annuity as hereinafter provided. The election to purchase an annuity may be made only once by any individual. If an election is made before the date on which the person is entitled to request redemption, the redemption shall not be made prior to the date upon which the person would be entitled to make the request. The annuity purchase rates shall be based on the annuity table of mortality adopted by the board of trustees of the teachers retirement fund for the fund as provided in section 354.07, subdivision 1, using the interest assumption specified in section 356.215, subdivision 4d. The amount of the annuity for life shall be that amount which has a present value equal to the cash realized on the redemption of the shares as of the first day of the month next following the date of the election to purchase an annuity. The board of trustees of the teachers retirement fund shall establish an optional joint and survivor annuity, an optional annuity payable for a period certain and for life thereafter, and an optional guaranteed refund annuity paying the annuitant a fixed amount for life with the guarantee that in the event of death the balance of the cash realized from the redemption of shares is payable to the designated beneficiary. The optional forms of annuity shall be actuarially equivalent to the single life annuity as defined in section 354.05, subdivision 7. In establishing these optional forms, the board of trustees shall obtain the written recommendation of the actuary retained by the legislative commission on pensions and retirement, and these recommendations shall be a part of the permanent records of the board of trustees.

Sec. 5. Minnesota Statutes 1988, section 354B.01, subdivision 2, is amended to read:

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. "*Covered employment*" does not include employment when the initial appointment is defined as less than 25 percent of a full academic year, exclusive of summer session.

Sec. 6. Minnesota Statutes 1988, section 354B.01, subdivision 3, is amended to read:

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. "*Covered employment*" does not include employment when the initial appointment is defined as less than 25 percent of a full academic year, exclusive of summer session.

Sec. 7. Minnesota Statutes 1989 Supplement, section 354B.02, is amended by adding a subdivision to read:

Subd. 4. [PURCHASE OF PRIOR SERVICE CREDIT.] *A person who*

*is initially excluded from participation, but is subsequently appointed to a position that qualifies for participation, may purchase credit for the prior uncovered employment. This purchase must be made by paying to the employer the amount the person would have paid if the prior service had been covered employment. This payment must be made within 45 days of the start of covered employment. The employer must contribute an amount to match any contribution made by an employee under this subdivision. Contributions for prior service must be invested under this section. Once a person is employed in a position that qualifies for participation, all subsequent employment by the person is under the provisions of this plan.*

Sec. 8. Minnesota Statutes 1989 Supplement, section 354B.03, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE.] If a person with less than three years of allowable service elects a transfer to the plan under section 354B.02, subdivision 2 or 3, the executive director of the teachers retirement association shall transfer from the teachers retirement fund to the plan the person's member contributions plus interest compounded annually at ~~five~~ six percent a year. The transfer must be made within 90 days from the date the executive director receives notification of the election. The transfer may not include any amount representing an employer contribution nor any amount representing the repayment of a refund received by the association after the date of enactment of this act.

Sec. 9. Minnesota Statutes 1989 Supplement, section 354B.05, subdivision 3, is amended to read:

Subd. 3. [SELECTION OF FINANCIAL INSTITUTIONS.] *The supplemental investment fund administered by the state board of investment is one of the investment options for the plan. The state university board and the community college board shall select no more than ~~three~~ two other financial institutions to provide annuity contracts or custodial accounts. Each board may at its discretion change a selection of an institution. 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.

*The chancellor of the state university system and the chancellor of the state community college system shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel in the supplemental plan who elect an investment option other than the supplemental investment fund, except that shares in the guaranteed return account must not be redeemed until the expiration dates for the guaranteed investment contracts. The chancellors shall transfer the cash realized to the financial institutions selected by the state university board and the community college board under section 354B.05.*

Sec. 10. [INTEREST ON CERTAIN PRIOR TRANSFERS.]

*The increase in interest payable on transfers specified in section 8 is also payable on transfers made before the effective date of section 8. The*



*executive director of the teachers retirement association shall calculate the transfer interest amounts payable on these prior transfers and transfer the additional interest within 60 days of the effective date of this section.*

Sec. 11. [TRANSFERS IN CERTAIN CASES.]

*Notwithstanding any provision of Minnesota Statutes, section 354B.03, to the contrary, a person in covered employment under Minnesota Statutes, chapter 354, who was first employed by the state university system board or the community college board after June 30, 1988, and before July 1, 1989, and who has no prior allowable service under chapter 354, and who elected, or elects before January 1, 1991, to have their employee contributions transferred under Minnesota Statutes, chapter 354B, shall have an amount equal to the employer contributions made on behalf of the person under Minnesota Statutes, section 354.42, subdivision 3, plus annual interest compounded annually at a rate of six percent, transferred by the executive director of the teachers retirement association from the teachers retirement fund to the individual retirement account plan under Minnesota Statutes, chapter 354B. The election must be made on a form prescribed by the executive director and must be made by January 1, 1991.*

Sec. 12. [REPEALER.]

*Minnesota Statutes 1988, sections 136.81, subdivisions 2 and 3; 136.82, subdivisions 3 and 4; 136.83; and 136.85, are repealed. Minnesota Statutes 1989 Supplement, sections 136.82, subdivisions 1 and 2, as amended by sections 3 and 4; and 136.84, are repealed.*

Sec. 13. [EFFECTIVE DATE.]

*Sections 1, 2, 9, and 12 are effective July 1, 1991. Sections 3 to 8, 10, and 11 are effective the day following final enactment.*

ARTICLE 4

UNCLASSIFIED RETIREMENT PROGRAM MEMBERSHIP

Section 1. Minnesota Statutes 1988, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] ~~The following~~ (a) Employees enumerated in paragraph (b), if they are in the unclassified service of the state and are eligible for coverage under the general state employees retirement fund plan under chapter 352, ~~shall participate~~ are participants in the unclassified program under this chapter unless ~~an~~ the employee gives notice to the executive director of the Minnesota state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the regular employee general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director ~~shall be~~ is deemed to have exercised the option to participate in the unclassified plan.

(b) Enumerated employees are:

(1) ~~any~~ an employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general or an employee of the state board of investment;

(2) the head of ~~any~~ a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed

to the position, or ~~any~~ *an* employee enumerated in section 15A.081, subdivision 1 or 15A.083, subdivision 4;

(3) ~~any~~ *a* permanent, full-time unclassified employee of the legislature or ~~any~~ *a* commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system;

(4) ~~any~~ *a* person employed in a position established ~~pursuant to~~ *under* section 43A.08, subdivision 1, clause (c), or subdivision 1a, or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(5) the chair, chief administrator, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan waste control commission as designated by the commission; the chair, executive director, and not to exceed three positions at the division director or assistant to the chair level of the regional transit board; a chief administrator who is an employee of the metropolitan transit commission; and the chair, executive director, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan council as designated by the council; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations ~~shall~~ *may* be made without approval of the board of directors of the Minnesota state retirement system;

(6) the executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations ~~shall~~ *may* be made without approval of the board of directors of the Minnesota state retirement system;

(7) the clerk of the appellate courts appointed ~~pursuant to~~ *under* article VI, section 2, of the Constitution of the state of Minnesota;

(8) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services;

(9) ~~any~~ *an* employee whose principal employment is at the state ceremonial house;

(10) ~~employees~~ *an employee* of the Minnesota educational computing corporation; ~~and~~;

(11) ~~any~~ *an* employee of the world trade center board; *and*

(12) *an employee of the division of the state lottery in the department of gaming who is covered by the managerial plan established under section 43A.18, subdivision 3.*

## Sec. 2. [TRANSFER OF ASSETS.]

*An unclassified employee of the division of the state lottery in the department of gaming on the effective date of this section who is covered by the managerial plan established under Minnesota Statutes, section 43A.18, subdivision 3, and who was covered by the general state employees retirement plan under Minnesota Statutes, chapter 352, while employed as an*

*unclassified employee of the division of the state lottery may transfer accumulated employee and employer contributions made while employed with the division of the state lottery to the unclassified plan, as provided in Minnesota Statutes, section 352D.03.*

Sec. 3. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective the day following final enactment and apply to any person who was employed with the division of the state lottery in the department of gaming and who is covered by the managerial plan established under Minnesota Statutes, section 43A.18, subdivision 3, before that date and after that date.*

ARTICLE 5

FIDUCIARY RESPONSIBILITY MODIFICATIONS

Section 1. Minnesota Statutes 1989 Supplement, section 356A.06, subdivision 4, is amended to read:

Subd. 4. [ECONOMIC INTEREST STATEMENT.] (a) Each member of the governing board of a covered pension plan and the chief administrative officer of the plan shall file with the plan a statement of economic interest.

(b) *For a covered pension plan other than a plan specified in paragraph (c), the statement must contain the information required by section 10A.09, subdivision 5, and any other information that the fiduciary or the governing board of the plan determines is necessary to disclose a reasonably foreseeable potential or actual conflict of interest.*

(c) *For a covered pension plan governed by sections 69.771 to 69.776 or a covered pension plan governed by section 69.77 with assets under \$8,000,000, the statement must contain the following:*

*(1) the person's principal occupation and principal place of business;*

*(2) whether or not the person has an ownership of or interest of ten percent or greater in an investment security brokerage business, a real estate sales business, an insurance agency, a bank, a savings and loan, or another financial institution; and*

*(3) any relationship or financial arrangement that can reasonably be expected to give rise to a conflict of interest.*

(d) The statement must be filed annually with the chief administrative officer of the plan and be available for public inspection during regular office hours at the office of the pension plan.

(e) A disclosure form meeting the requirements of the federal Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21 as amended, and filed with the state board of investment or the pension plan meets the requirements of this subdivision.

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.*

ARTICLE 6

MISCELLANEOUS LOCAL PENSION MODIFICATIONS

Section 1. Laws 1978, chapter 689, section 4, subdivision 2, as amended by Laws 1981, chapter 224, section 272, is amended to read:

Subd. 2. [THIEF RIVER FALLS POLICE ~~RETIREMENT PENSION TRUST FUND; REPORTING ACTUARIAL VALUATION.~~] Upon the transfer of money and the establishment of the trust fund pursuant to subdivision 1 and periodically thereafter, the board of trustees shall have an actuarial valuation ~~or survey and experience study~~ made of the trust fund in accordance with the filing requirements and applicable actuarial standards set forth in the general statute governing actuarial reporting by police and fire funds, *except that the actuarial valuation and experience study need be made at least once every five years.* The board of trustees shall also complete and file a financial report for the trust fund in accordance with Minnesota Statutes, Section 69.051.

Sec. 2. Laws 1980, chapter 612, section 3, as amended by Laws 1981, chapter 301, section 4, is amended to read:

Sec. 3. [SAINT PAUL AND MINNEAPOLIS, CITIES OF; EMPLOYMENT OF UNIVERSITY OR COLLEGE STUDENTS.]

Notwithstanding any contrary provision of the Saint Paul city charter and the Minneapolis city charter, or, a statute, including the veterans preference act, or a civil service rule or regulation, the governing body or any board or commission of the city of Saint Paul and the city of Minneapolis having authority to hire employees may employ university, college, or professional school students pursuant to an intern or other training program when the program is sponsored or substantially financed by the state or the United States or by a philanthropic foundation or organization. Persons hired under a program shall be in the unclassified service of the city and serve at the pleasure of the body employing them. No full time appointment under this section shall exceed one year. Persons employed under this section shall be excluded from the provisions of Minnesota Statutes, Sections 268.03 to 268.24, and *Minnesota Statutes, Chapters 353 and 356.*

Sec. 3. [MOOSE LAKE FIREFIGHTERS' RELIEF ASSOCIATION ASSETS.]

*Notwithstanding the requirements of Minnesota Statutes, section 424A.02, or any other law, for firefighters' relief association purposes the Moose Lake area fire protection district must be treated as a continuation of the fire department of the city of Moose Lake. Assets of the Moose Lake fire department relief association must be transferred to a relief association now or hereafter established by the district and service of transferred members must be considered continuous for purpose of computing retirement benefits.*

Sec. 4. [PURCHASE OF SERVICE CREDIT FOR ST. PAUL BUREAU OF HEALTH SERVICE.]

*Subdivision 1. [ELIGIBILITY.] A person who was born on May 28, 1941, who was initially employed by the St. Paul bureau of health in November 1963, who was covered by the St. Paul bureau of health relief association under Laws 1919, chapter 430, sections 1 to 9, as amended, by virtue of that employment, who terminated employment by the St. Paul bureau of health in August 1966, and who became a member of the general plan of the public employees retirement association in May 1967, is entitled to purchase service credit in the general plan of the public employees retirement association for any months of employment by the St. Paul bureau of health in which member contributions to the St. Paul bureau of health*

relief association were made.

*Subd. 2. [PURCHASE PAYMENT AMOUNT.] (a) The person requesting the purchase of prior service shall establish in the records of the fund or association 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 public employees retirement association. For a person eligible to purchase credit under subdivision 1, there must be paid to the public employees retirement association an amount on the date of payment equal to the amount computed in paragraph (b) minus the amount computed in paragraph (c).*

*(b) The present value, on the date of payment, of the amount of additional retirement annuity that would be obtained due to the purchase of additional service credit by the individual specified in subdivision 1, using the pre-retirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the public employees retirement association and assuming continuous future service in the public employees retirement association 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 salary increase rate specified in Minnesota Statutes, section 356.215, subdivision 4d.*

*(c) The present value of employee and employer contributions paid to the St. Paul bureau of health relief association by or on behalf of the individual eligible to purchase credit under subdivision 1. The present value will be computed assuming investment earnings on these contributions equal to the rate actually earned by the assets of active employees covered by the public employees retirement association, beginning with the date the individual specified in subdivision 1 first made contributions to the St. Paul bureau of health relief association.*

*Subd. 3. [PAYMENT; CREDITING SERVICE.] Payment must be made in one lump sum, unless the executive director of the public employees retirement association 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 city of St. Paul may, at its discretion, pay all or any portion of the required payment amount.*

#### **Sec. 5. [EFFECTIVE DATE.]**

*Section 1 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Thief River Falls city council and governs actuarial valuations and experience studies to be made under section 1 beginning with the next actuarial valuation and experience study required after 1989.*

*Section 2 is effective, if approved by both the city councils of the city of Saint Paul and the city of Minneapolis, the day after compliance by them with Minnesota Statutes, section 645.021, subdivision 3.*

*Sections 3 and 4 are effective the day following final enactment.*

#### ARTICLE 7

#### TEACHER RETIREMENT FUND PROVISIONS

##### Section 1. [354.095] [MEDICAL LEAVE; PAYMENT PROCEDURES.]

*A member of the fund who is on an authorized medical leave of absence and subsequently returns to teaching service, is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354.42, subdivisions 2, 3, and 5, as applied to the member's average full-time monthly salary rate on the date of return from the leave of absence plus annual interest at the rate of 8.5 percent per year from the midpoint date of the leave until the date of payment. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid before the effective date of retirement or by the end of the fiscal year following the fiscal year in which the leave of absence terminated, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association on a form specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354.48 and receive allowable service credit under this section for the same period of time.*

##### Sec. 2. [354A.096] [MEDICAL LEAVE.]

*Any teacher in the coordinated program of either the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association or the new law coordinated program of the Duluth teachers retirement fund association who is on an authorized medical leave of absence and subsequently returns to teaching service is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354A.12, subdivisions 1 and 2, as applied to the member's average full-time monthly salary rate on the date of return from the leave of absence plus annual interest at the rate of 8.5 percent per year from the midpoint date of the leave until the date of payment. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid by the end of the fiscal year following the fiscal year in which the leave of absence terminated or before the member retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association in a manner specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354A.36 and receive allowable service credit under this section for the same period of time.*

##### Sec. 3. [ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION.]

*In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the St. Paul teachers retirement fund association to amend its articles of incorporation or bylaws to allow basic plan members who are granted a medical leave of absence by independent school district No. 625, St. Paul, to receive up to one year service credit of that leave in accordance with the provisions of Minnesota Statutes, section 354A.096.*

**Sec. 4. [DULUTH TEACHERS RETIREMENT FUND AND ST. PAUL TEACHERS RETIREMENT FUND: ALTERNATE METHOD OF PAYING ADDITIONAL LUMP SUM AMOUNT.]**

*Notwithstanding the articles or bylaws of the Duluth teachers retirement fund association or St. Paul teachers retirement fund association, approval is granted for the Duluth teachers retirement fund association and St. Paul teachers retirement fund association to provide that a lump sum postretirement adjustment that is payable may, upon the request of the annuitant or survivor and approval of the board of trustees of the fund, be converted to a monthly annuity benefit of equivalent actuarial value. The amount of the additional annuity shall be determined by:*

*(1) the age of the annuitant or survivor on the date of the lump sum postretirement adjustment;*

*(2) use of an annuity table of mortality established by the board of trustees of the association as required by Minnesota Statutes, section 356.215; and*

*(3) use of the postretirement interest rate assumption specified in Minnesota Statutes, section 11A.18.*

**Sec. 5. [EFFECTIVE DATE.]**

*(a) Sections 1 to 4 are effective the day following final enactment.*

*(b) Section 1 is also effective retroactively to October 9, 1988, for a former teacher employed by independent school district No. 831 who began a long-term disability medical leave on October 10, 1988, who terminated employment on June 16, 1989, and who has retired. The contribution amounts for the leave must be based on the salary rate of the teacher in effect for the 1988-1989 school year and the contributions must be made by June 30, 1990, with interest as calculated under section 1. If the contribution amounts are paid, the person's retirement annuity must be recomputed based on the resulting additional allowable service credit and revision in the person's highest five successive years average salary and the increased annuity amount accrues as of the first day of the first month next following the date of the payment. If an optional annuity form has been selected, the increased annuity amount must be appropriately adjusted.*

**ARTICLE 8**

**PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN**

Section 1. Minnesota Statutes 1988, section 353.01, subdivision 7, is amended to read:

Subd. 7. [MEMBER.] ~~A member is~~ "Member" means a person who accepts employment as a "public employee" and is not covered by the plan established in chapter 353D. A person who is a member remains a member while performing services as a public employee and while on an authorized leave of absence or an authorized temporary layoff; provided, however, (1)

that any elected public officer or any person appointed to fill a vacancy in an elective office shall have the right to exercise an option to become a member by filing application for membership, but the option to become a member, once exercised, may not be withdrawn during the incumbency of the person in office; and (2) that any member who is appointed by the governor to be a state department head and elects pursuant to section 352.021, subdivision 3, not to be covered by the Minnesota state retirement system, shall remain a member of the public employees retirement association. Membership in the retirement association of any person shall terminate upon the person ceasing to be a "public employee."

Sec. 2. Minnesota Statutes 1988, section 353D.01, is amended to read:

**353D.01 [AMBULANCE SERVICE PERSONNEL RETIREMENT PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN.]**

Subdivision 1. [ESTABLISHMENT.] ~~The ambulance service personnel retirement public employees defined contribution plan is administered by the public employees retirement association under supervision of the association board of directors trustees. To assist it in governing the operations of the plan, the board may appoint an advisory committee of not more than seven nine members who are representative of ambulance service operators and ambulance service personnel the employers and employees who participate in the plan.~~

Subd. 2. [COVERAGE ELIGIBILITY.] ~~Coverage under Except as provided in section 353D.11, eligibility to participate in the retirement plan is open to an elected local government official of a governmental subdivision who elects to participate in the plan who is not a member of the public employees retirement association within the meaning of section 353.01, subdivision 7, and to basic and advanced life support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate. For purposes of this chapter, an elected local government official includes a person appointed to fill a vacancy in an elective office. Elected local government official does not include an elected county sheriff. Except as provided in section 353D.11, elected local government officials and first response personnel and emergency medical service personnel who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the plan.~~

Sec. 3. Minnesota Statutes 1988, section 353D.02, is amended to read:

**353D.02 [ELECTION OF COVERAGE.]**

*Eligible elected local government officials may elect to participate in the plan after being elected or appointed to a public office by filing an application to participate on a form prescribed by the executive director of the association. Participation begins on the first day of the month after the application is received in the association's office or on the date when the term of office commences, whichever date is later. An election to participate in the plan is irrevocable during incumbency in office.*

Each public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity with eligible personnel may elect to participate in the plan. If a service elects to participate, its eligible personnel may elect to participate or to decline to participate. An individual's election must be made within the latter of 30



days of the service's election to participate or 30 days of the date on which the individual was employed by the service or began to provide service for it, *whichever date is later*. An election by a service or an individual is irrevocable.

Sec. 4. Minnesota Statutes 1988, section 353D.03, is amended to read:  
353D.03 [FUNDING OF PLAN.]

(a) *An eligible elected local government official who elects to participate in the public employees defined contribution plan shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10. A participating elected local government official's governmental subdivision shall contribute a matching amount.*

(b) A public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate in the plan shall fund benefits for its qualified personnel who individually elect to participate, except that personnel who are paid for their services may elect to make member contributions in an amount not to exceed the service's contribution on their behalf. Ambulance service contributions on behalf of salaried employees must be a fixed percentage of salary. An ambulance service making contributions for volunteer or largely uncompensated personnel may assign a unit value for each call or each period of alert duty for the purpose of calculating ambulance service contributions.

Sec. 5. Minnesota Statutes 1988, section 353D.04, is amended to read:  
353D.04 [CONTRIBUTIONS TO PLAN.]

(a) *Contributions made by or on behalf of a participating elected local government official must be remitted to the public employees retirement association at least monthly and must be credited to the individual account established for the participating officer.*

(b) ~~Ambulance service contributions to the plan may be made from any source of funds available to the ambulance service. Contributions must be remitted monthly on a regular periodic basis to the association together with any member contributions paid or withheld during the preceding month. Those contributions shall~~ must be credited to the individual account of each participating member.

Sec. 6. Minnesota Statutes 1988, section 353D.05, subdivision 1, is amended to read:

Subdivision 1. [INVESTMENT.] ~~Ambulance service~~ *Employing unit* contributions, after the deduction of an amount for administrative expenses, and ~~member individual participant~~ contributions must be remitted to the state board of investment for investment in the Minnesota supplemental investment fund established by section 11A.17.

Sec. 7. Minnesota Statutes 1988, section 353D.05, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATIVE EXPENSES.] The public employees retirement association may deduct an amount, set annually by the executive director of the association, but not to exceed two percent of ~~ambulance service the employing unit~~ contributions to the plan, to defray the expenses of the association in administering the plan.

Sec. 8. Minnesota Statutes 1988, section 353D.06, is amended to read:  
353D.06 [REPORTING ~~BY AMBULANCE SERVICES.~~]

The executive director of the public employees retirement association shall prescribe the ~~form of monthly and any other reports reporting forms~~ required from an ambulance service ~~employing units and the election forms~~ required from ambulance service ~~members participants.~~ ~~Member Reporting forms shall must~~ contain names, identification numbers, amount of contribution by and on behalf of each ~~member participant,~~ and such other data as is required to keep an accurate ~~account record~~ of the account value of each ~~participating employee participant.~~

Sec. 9. Minnesota Statutes 1988, section 353D.07, is amended to read:  
353D.07 [BENEFITS.]

Subdivision 1. [TYPE OF PLAN; UNIFORMITY.] (a) The plan is a defined contribution plan ~~when the benefits from which~~ are payable upon termination of service, retirement, *disability*, or death. 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 Laws 1987, chapter 372.~~

(b) *In the case of ambulance service personnel,* eligibility standards must be uniform among all ambulance service personnel of an ambulance service electing to participate.

Subd. 2. [PAYMENT OF BENEFITS.] Withdrawal of or a retirement benefit based on ~~member individual participant~~ contributions and employer contributions plus accrued investment income is payable immediately upon the death or termination of ~~an active member a participant~~ for a period that exceeds 30 days. An application by or on behalf of the participant must be filed before any payment of benefits may be made.

Subd. 3. [FORM OF BENEFIT.] A retirement benefit is payable in a lump sum equal to the value of a participant's account at the date of retirement and may be rolled over into another qualified plan at the option of the ~~member participant.~~ As an alternative to a lump sum distribution, the ~~member participant~~ may choose to have the association use the total account value to purchase an annuity payable at a designated age from an insurance company licensed to do business in the state.

Subd. 4. [DISABILITY OF PARTICIPANT.] *If an active participant becomes permanently and totally disabled as defined in section 353.01, subdivision 19, that participant may withdraw from the account in equal monthly installments an amount, designated by the participant in increments of \$100 but not to exceed ten times the joint employer and employee contribution for the month preceding disability. The option must be exercised by filing an application on a form prescribed by the executive director. Payments begin on the first day of the month following the month in which the disability occurred. Payments end when the participant's disabled status ends or the account balance is exhausted, whichever occurs first.*

Subd. 5. [DEATH OF A MEMBER PARTICIPANT.] ~~In the event of the death of~~ *If an active participant dies,* the total value of the account must be paid in a lump sum to the designated beneficiary or, if none, the heirs at law of the decedent.

Sec. 10. Minnesota Statutes 1988, section 353D.08, is amended to read:  
353D.08 [PORTABILITY.]

~~Qualified~~ *Participating* ambulance service personnel who change employment or membership among participating ambulance services ~~must~~ *shall* continue participation in the plan if termination from one participating ambulance service and commencement in another participating ambulance service ~~occur~~ *occurs* within 30 days.

Sec. 11. Minnesota Statutes 1988, section 353D.09, is amended to read:  
353D.09 [TAX QUALIFICATION.]

The public employees retirement association shall adopt rules ~~required~~ *necessary* for administration of the plan. The proposed plan shall be formulated and adopted in accordance with applicable restrictions and standards of the Internal Revenue Code and rulings and regulations of the Internal Revenue Service in order to assure the tax exempt status of the plan as a qualified pension plan. Contributions ~~by ambulance service personnel and by ambulance service operators~~ may be accepted only after approval by the Internal Revenue Service.

Sec. 12. [353D.11] [CURRENT ELECTED PUBLIC OFFICERS.]

*Subdivision 1. [EXERCISE OF OPTION.] As of July 1, 1990, an elected local government official, who with respect to elected service is participating in, and covered by, the general employees defined benefit plan administered by the public employees retirement association under chapter 353, may elect to participate in the public employees defined contribution plan and terminate further participation in, and coverage under, the defined benefit plan. The necessary election must be made before June 30, 1991.*

*Subd. 2. [REFUND OR DEFERRED ANNUITY.] An elected public officer who, with respect to elected service is participating in, and covered by, the general employees defined benefit plan administered by the public employees retirement association under chapter 353 and who, with respect to future elected service, elects to participate in the public employees defined contribution plan, is deemed to have terminated public service for purposes of the return of the accumulated employee deductions with interest or the deferred annuity allowed under section 353.34. The termination of public service is deemed to occur as of the first day of the month following the month in which the election is made to participate in the public employees defined contribution plan and any refund of accumulated employee deductions with interest or future deferred annuity is governed by the law in effect on that day.*

Sec. 13. [353D.12] [CONTRIBUTIONS FOR PREVIOUS SERVICE.]

*Subdivision 1. [ELIGIBILITY; CONTRIBUTIONS.] An elected local government official who participates in the defined contribution plan under this chapter may make contributions to the plan for the service as an elected public officer rendered before the effective date of this section that was not covered by a public or private employer contributory pension plan, including a plan administered by the public employees retirement association under chapter 353.*

*Subd. 2. [AMOUNT OF PRIOR SERVICE CONTRIBUTIONS.] (a) The employee purchase amount is that amount that the participating elected local government official specifies, but combined with subdivision 6 may*

not exceed in total the amount of the employee and employer contributions that would have been payable under section 353.27, subdivisions 2, 3, and 3a, based on the actual salary or compensation of the elected local government official from public sources during the prior service and based on the rates in effect during the prior service, plus interest at an annual compound rate of six percent.

(b) In any year, the purchase amount to be paid in is subject to the limitation for defined contribution plans under section 415(c) of the federal Internal Revenue Code, as amended, or comparable contribution limitation set forth in the federal Internal Revenue Code, and applicable regulations and revenue rulings, remaining after subtracting the funding amounts under section 353D.03, paragraph (a), for that year.

Subd. 3. [INSTALLMENT PAYMENTS.] The purchase amount may be made in annual installments but may not exceed, combined with subdivision 6, in any installment the limitation set forth in subdivision 2, paragraph (a), or in total the limitation set forth in subdivision 2, paragraph (a).

Subd. 4. [AUTHORIZED ROLLOVERS.] To the extent allowed by federal law, the employee purchase amount may be made with funds distributed from: (1) a plan qualified under section 401(a) of the federal Internal Revenue Code, as amended; (2) an annuity qualified under section 403(a) of the federal Internal Revenue Code, as amended; (3) an individual retirement account used solely to receive a nontaxable rollover from that type of plan or annuity; (4) the state deferred compensation plan authorized under section 352.96 and qualified under section 457 of the federal Internal Revenue Code, as amended; or (5) another tax qualified plan or annuity that authorizes rollovers. The participating elected local government official shall supply sufficient written documentation that the transfer amounts are eligible for tax-free rollover treatment. An authorized tax-free rollover, plus any other purchase amount payments under this section, including subdivision 6, may not exceed the limitation in subdivision 2, paragraph (a). Notwithstanding any provision of state law or rule to the contrary, to the extent permitted under federal law, the employee purchase amount may be transferred from the state deferred compensation plan before the employee terminates public employment.

Subd. 5. [PRIOR SERVICE AND COMPENSATION DOCUMENTATION.] The participating elected local government official shall supply sufficient documentation of the person's prior uncredited service and compensation for which the purchase payment is made.

Subd. 6. [EMPLOYING UNIT PAYMENT.] The employing unit of the participating elected local government official shall pay the amount of the employer contributions that could have been payable under section 353.27, subdivisions 3 and 3a, based on the actual salary or compensation of the elected local government official from public sources during the prior service, plus interest at an annual compound rate of six percent. This amount combined with any employee purchase amount and any contributions under section 353D.03, paragraph (a), must in any year comply with the limitation set forth in subdivision 2, paragraph (a).

#### Sec. 14. [PURCHASE OF PRIOR SERVICE CREDIT.]

Subdivision 1. [ENTITLEMENT.] An elected public officer who participates in the public employees retirement association defined benefit plan under Minnesota Statutes, chapter 353, may purchase service credit from

*the association for all or any portion of prior uncredited service as an elected public officer when the officer could have been, but was not, a member of the association on account of failure to exercise the membership option under Minnesota Statutes, section 353.01, subdivision 7.*

*Subd. 2. [PURCHASE PAYMENT AMOUNT.] To purchase credit for prior service under subdivision 1, there must be paid to the public employee retirement association an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity obtained by the purchase of the additional service credit. Calculation of this amount must be made using the applicable preretirement interest rate for the association specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the association. The calculation must assume continuous future service in the association until, and retirement at, the age at which the minimum requirements of the 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. The calculation must also assume a future salary history that includes annual salary increases at the applicable salary increase rate for the association specified in section 356.215, subdivision 4d. The member must establish in the records of the association 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 association.*

*Subd. 3. [PAYMENT; CREDITING SERVICE.] Payment may be made in one lump sum, or in annual increments over a period not to exceed five years from the effective date of this section. If payments are made in increments, the period of allowable service purchased by each payment is credited to the account of the member upon receipt of each payment by the executive director. If payments are made in increments, the executive director must calculate the present value of the amount of the additional retirement annuity obtained by each incremental payment.*

*Subd. 4. [OPTIONAL EMPLOYER PARTIAL PAYMENT.] Payment of the amount calculated under subdivision 2 must be made by the member. However, the current or former governmental subdivision employer of the member may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect 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. 15. [EFFECTIVE DATE.]**

*Sections 1 to 14 are effective on the day following final enactment.*

**ARTICLE 9**

**TRANSFERS TO MINNESOTA POSTRETIREMENT  
INVESTMENT FUND**

**Section 1. Minnesota Statutes 1988, section 11A.18, subdivision 6, is amended to read:**

**Subd. 6. [PARTICIPATING PUBLIC RETIREMENT FUNDS OR PLANS; TRANSFER OF REQUIRED RESERVES.] (a) Any public retirement fund**

or plan authorized by law to participate in the postretirement investment fund shall no later than the last business day of the month in which the benefit payment from the postretirement investment fund begins to accrue, certify and transfer to the state board money equal to the reserves required for those retirement annuities and benefits which are payable by the public retirement fund or plan and which are specified in law to be included in the participation in the fund as determined by or determined under a procedure specified by the actuary retained by the legislative commission on pensions and retirement.

(b) If the exact amount of the actuarially determined required reserves is not readily calculable as of the date of the commencement of a benefit payment on the required transfer date, the initial transfer must be based on the best estimate by the executive director of for the teachers retirement fund involved and shall be made on a timely basis and the public employees retirement fund and may be based on the best estimate for the other participating funds. Any necessary adjustments based on specific calculations of actuarially determined required reserves must be made in later transfers. If a best estimate initial transfer is insufficient, the later transfer from the retirement fund must include interest on the amount of the required reserve insufficiency at the greater of the following rates:

(1) the average short-term investment return rate earned by the state board over the 30-day period ending with the last business day of the month before the month in which the later adjustment transfer is made; or

(2) the preretirement interest assumption for the retirement fund as specified in section 356.215, subdivision 4d, stated as a monthly rate.

Interest on the amount of a required reserve insufficiency payable by a retirement fund shall be compounded on a monthly basis. No interest shall be payable from the postretirement investment fund in the event of a required reserve oversufficiency.

(c) The state board shall confirm in writing each certification and transfer of money made by a participating public retirement fund or plan. Each participating public retirement fund or plan shall maintain adequate records to account for money transferred to or from the postretirement investment fund.

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.*

## ARTICLE 10

### MINNESOTA STATE RETIREMENT SYSTEM

#### ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1988, section 352.01, subdivision 13, is amended to read:

Subd. 13. [SALARY.] "Salary" means ~~any~~ *the periodical compensation paid to any employee including wages, allowances, and fees, but excluding amounts of severance pay, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs. It also means wages and includes net income from fees. Lump sum sick leave payments, 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 an employee with single coverage, are not deemed to be salary. Workers' compensation payments are not considered salary.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 352.021, subdivision 5, is amended to read:

Subd. 5. [CONTINUING COVERAGE.] Any state employee who has made contributions to the retirement fund for a period of one year and who, continuing in state service after that year, becomes eligible for membership in the state teachers retirement association as a full-time teacher, as defined in section 354.05, subdivision 2, *or is covered by section 354.05, subdivision 2a*, may continue coverage under the system by filing in its office written notice of election to continue. The election to be covered by the system under this subdivision or section 352.01, subdivision 2b, clause (3), must be made on a form approved by the director within 90 days after appointment to the position. If the option is exercised, the employee is not thereafter entitled to membership in the teachers retirement association *or in the individual retirement account plan for community college and state university faculty* while employed by the state in a position that entitled the employee to make this election.

Sec. 3. Minnesota Statutes 1988, section 352.029, subdivision 3, is amended to read:

Subd. 3. [CONTRIBUTIONS.] The employee, ~~employer~~, and ~~additional employer contributions~~ required by section 352.04, *or by section 352.92 for employees covered by section 352.91*, are the obligation of the employee who chooses coverage under this section. However, the employing labor organization may pay the employer ~~and employer additional~~ contributions. Contributions made by the employee must be made by salary deduction. The employing labor organization shall pay all contributions to the system as required by section 352.04, *or by section 352.92 for employees covered by section 352.91*.

Sec. 4. Minnesota Statutes 1988, section 352.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP OF BOARD; ELECTION; TERM.] The policy-making function of the system is vested in a board of 11 members, who ~~shall~~ *must* be known as the board of directors. This board shall consist of three members appointed by the governor, one of whom must be a constitutional officer or appointed state official and two of whom must be public members knowledgeable in pension matters, four state employees elected by state employees covered by the system excluding employees in categories specifically authorized to designate or elect a member by this subdivision, one employee of the transit operating division of the metropolitan transit commission designated by the executive committee of the labor organization that is the exclusive bargaining agent representing employees of the transit division, one member of the state patrol retirement fund elected by members of that fund at a time and in a manner fixed by the board, one employee covered by the correctional employees plan elected by employees covered by that plan, and one retired employee elected by *disabled and retired employees of all plans administered by the system* at a time and in a manner to be fixed by the board. Two state employee members, whose terms of office begin on the first Monday in ~~March~~ *May* after their election, must be elected biennially. Elected members and the appointed transit operating division member hold office for a term of four

years, except the retired member whose term is two years, and until their successors are elected or appointed, and have qualified. *An employee of the system is not eligible for membership on the board of directors.* A state employee on leave of absence is not eligible for election or reelection to membership on the board of directors. The term of any board member who is on leave for more than six months automatically ends on expiration of this period.

Sec. 5. Minnesota Statutes 1988, section 352.115, subdivision 7, is amended to read:

Subd. 7. [APPLICATION FOR ANNUITY.] Application for annuity *or optional annuity payment* may be made by the employee *at time of retirement*, or by someone acting in behalf of the employee, upon proof of authority satisfactory to the director.

Sec. 6. Minnesota Statutes 1988, section 352.96, subdivision 4, is amended to read:

Subd. 4. [EXECUTIVE DIRECTOR TO ESTABLISH RULES.] The executive director of the system shall establish rules and procedures to carry out this section including allocation of administrative costs against the assets accumulated under this section. Funds to pay these costs are appropriated from the fund or account in which the assets accumulated under this section are placed. The rules established by the executive director must conform to federal and state tax laws, regulations, and rulings, and are not subject to the administrative procedure act. *Except for the marketing rules, rules adopted after July 1, 1977,* relating to the options provided under subdivision 2, clauses (2) and (3), must be approved by the state board of investment. A state employee must not make payments under a plan until the plan or applicable component of the plan has been approved for tax-deferred status by the internal revenue service.

Sec. 7. [EFFECTIVE DATE.]

*Sections 1 to 6 are effective the day following final enactment.*

## ARTICLE 11

### PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

#### ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] The following persons are excluded from the meaning of "public employee":

(1) persons who are employed for professional services where the service is incidental to regular professional duties, determined on the basis that compensation for the service amounts to no more than 25 percent of the person's total annual gross earnings for all professional duties;

(2) election officers;

(3) independent contractors and their employees;

(4) patient and inmate personnel who perform services in charitable, penal, or correctional institutions of a governmental subdivision;

(5) members of boards, and commissions, ~~boards, and others~~ who serve a governmental subdivision intermittently *unless their position on the board*



or commission is the result of public employment within the same governmental unit;

(6) ~~employees whose employment is not expected to continue for a period longer than six consecutive months, unless it involves employment for a probationary period that is part of a permanent position who are hired for a period of less than six consecutive months but not those employees who are hired for an unlimited period but are serving a probationary period. Immediately following the expiration of a six-month period of employment,~~ If the period of employment is extended beyond the six-month period and the employee continues in public service and earns more than \$425 from one governmental subdivision in any one calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee in accordance with section 353.27, subdivision 4. Membership eligibility of an employee who holds concurrent temporary employment of six months or less and ~~part-time nontemporary~~ positions in one governmental subdivision must be determined by the salary of each position. Membership eligibility of an employee who holds nontemporary positions in one governmental subdivision must be determined by the total salary of all positions;

(7) ~~part-time appointed and elected employees who receive monthly whose actual compensation from one governmental subdivision does not exceeding exceed \$425 per month, and part-time employees and elected officials~~ or whose annual compensation from one governmental subdivision is stipulated in advance, in writing, to be not more than \$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 \$5,100 per employment period for employment expected to be of less than a full year's duration, except that members continue their membership until termination of public service as defined in subdivision 11a. Membership eligibility of an employee who holds concurrent part-time positions under this clause must be determined by the total salary of all such positions in one governmental subdivision. If compensation from one governmental subdivision to an employee under this paragraph exceeds \$5,100 per calendar year or school year after being stipulated in advance not to exceed that amount, 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's earnings first exceeded \$425;

(8) persons who first occupy an elected office after July 1, 1988, the compensation for which does not exceed \$425 per month;

(9) emergency employees who are employed by reason of work caused by fire, flood, storm, or similar disaster;

(10) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota state retirement system, the teachers retirement association, the Duluth teachers retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees police and fire fund, or any police or firefighters relief association that has consolidated with the public employees retirement association but whose members have

not elected coverage by the public employees police and fire fund as provided in sections 353A.01 to 353A.10. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and 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 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 by a teacher as defined in section 354.05, subdivision 2;

(11) police matrons who are employed in a police department of a city who are transferred to the jurisdiction of a joint city and county detention and corrections authority;

(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;

(13) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are not employed full time by a governmental subdivision;

(14) resident physicians, medical interns, and pharmacist residents and interns who are serving in a degree or residency program in public hospitals and students who are serving in an internship or residency program sponsored by an accredited educational institution;

(15) appointed or elected officers who are paid entirely on a fee basis and who were not members on June 30, 1971;

(16) persons who hold a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute;

(17) persons exempt from licensure under section 125.031;

(18) persons employed by the Minneapolis community development agency;

(19) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel; and

(20) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment activities other than those as a volunteer firefighter.

Sec. 2. Minnesota Statutes 1989 Supplement, section 353.01, subdivision 11a, is amended to read:

Subd. 11a. [TERMINATION OF PUBLIC SERVICE.] *“Termination of public service” occurs when an officer or employee who terminates employment but or is on temporary layoff as defined in subdivision 12 and does not within 30 days returns of termination or expiration of the temporary layoff return to nontemporary employment in the same governmental subdivision or begins employment in another position otherwise excluded from membership 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 the amount earned does not exceed the dollar limitations in subdivision 2b, clause (7).*

Sec. 3. Minnesota Statutes 1988, section 353.01, subdivision 16, is amended to read:

Subd. 16. [ALLOWABLE SERVICE.] (a) “Allowable service” means service during years of actual membership in the course of which employee contributions were 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.

(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.

(c) “Allowable service” also means a period of authorized leave of absence without pay that does not exceed one year, and during or for which a member obtained credit by payments to the fund made in place of salary deductions, provided that the payments are made in an amount or amounts based on the member’s average salary on which deductions were paid for the last six months of public service, or 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 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 of the leave, the employee shall also, as a condition to the exercise of the election, pay to the fund an amount equivalent to both the required employer and additional employer contributions for the employee. The payment must be made within one year from the date the leave of absence terminates. The employer by appropriate action of its governing body, made a part of its official records, before the date of the first payment of the employee contribution, may certify to the association in writing that it will cause to be paid the employer and additional employer contributions from the proceeds of a tax levy made under section 353.28. Payments under this paragraph must include interest at the rate of six percent a year from the date of the termination of the leave of absence to the date payment is made.

(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, or a maternity leave. *The association will grant a maximum of two months service credit for a maternity leave upon documentation from the member’s governmental subdivision. A member on personal leave of absence who provides the association with a birth certificate or other evidence of birth during the personal leave time period will be granted up to two months of service credit.*

(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 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. Payment must be made within five years of the date of discharge from the military service. The amount of these contributions must be in accord with the contribution rates and salary limitations, if any, in effect during the leave, plus interest at six percent 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, must be paid by the department employing the member upon return to public service, and the governmental subdivision involved may appropriate money for those payments. A member may not receive credit for a voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty.

(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, chapter 401, and transferred into county service under section 401.04, "allowable service" means combined years of allowable service as defined in paragraphs (a) to (e) and section 352.01, subdivision 11.

(g) For a public employee who has prior service covered by a local police or firefighters relief association 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, "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 law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

Sec. 4. Minnesota Statutes 1988, section 353.15, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] The association may pay an annuity, benefit or refund to a trust company, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former member, the association may mail or *send by electronic transfer* the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such person's account or joint account with a spouse. The association may prescribe the conditions under which such payment will be made.

Sec. 5. Minnesota Statutes 1988, section 353.27, subdivision 7, is amended to read:

Subd. 7. [ADJUSTMENT FOR ERRONEOUS RECEIPTS OR DISBURSEMENTS.] (a) [ERRONEOUS DEDUCTIONS.] Deductions taken in error by the employer from the salary of an employee for the retirement fund and transmitted to the association 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 must be refunded to the employer, provided, however, that the association and the state social security agency may make proper adjustments of 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, *except for erroneous deductions of sick leave, vacation pay, and severance pay, which may be made at any time.* 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.

(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 deducted, or a portion of it that is required to adjust the deductions, must be made to the department or institution.

Sec. 6. Minnesota Statutes 1988, 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 month of May for school districts and ~~December~~ *the last pay period covering calendar-year earnings* 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. The executive director shall check the copies of all payroll abstracts against the membership records of the association to ascertain whether any omissions have been made by a department head in the reporting of 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. 7. Minnesota Statutes 1989 Supplement, section 353.35, is amended to read:

353.35 [CONSEQUENCES OF REFUND; REPAYMENT, RIGHTS RESTORED.]

When any former member accepts a refund, all existing service credits and all rights and benefits to which the person was entitled prior to the acceptance of the refund ~~shall~~ *must* terminate and ~~shall~~ *must* not again be restored until the person acquires ~~not less than~~ *at least* 18 months allowable service credit after taking the last refund and repays all refunds taken and interest received under section 353.34, subdivisions 1 and 2, plus interest

at six percent per annum compounded annually. If more than one refund has been taken, the person may repay all refunds or only the refund for the fund in which the person had most recently been a member, with interest at six percent per annum compounded annually. All refunds must be repaid within ~~three~~ six months of the last date of termination of public service.

Sec. 8. Minnesota Statutes 1988, section 353.46, subdivision 4, is amended to read:

Subd. 4. Except as provided in section 353.84, the rights of a survivor of a former member, where such former member died prior to June 30, 1973, ~~shall must~~ be determined by the law in effect when such former member died even though a benefit is not payable until after June 30, 1973. *If the survivor is also eligible to receive a retirement annuity from the association, the survivor is eligible to receive both benefits.*

Sec. 9. Minnesota Statutes 1989 Supplement, section 353.656, subdivision 1, is amended to read:

Subdivision 1. [IN LINE OF DUTY; COMPUTATION OF BENEFITS.] Any member of the police and fire fund less than 55 years of age, who ~~shall become~~ becomes disabled and physically unfit to perform duties as a police officer or firefighter subsequent to June 30, 1973, as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which ~~shall has or is expected to~~ render the member physically or mentally unable to perform duties as a police officer or firefighter for a period of at least one year, shall receive disability benefits during the period of such disability. The benefits ~~shall must~~ be in an amount equal to 50 percent of the "average salary" pursuant to subdivision 3 plus an additional 2-1/2 percent of said average salary for each year of service in excess of 20 years. Should disability under this subdivision occur before the member has at least five years of allowable service credit in the police and fire fund, the disability benefit ~~shall must~~ be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.

Sec. 10. Minnesota Statutes 1989 Supplement, section 353.656, subdivision 3, is amended to read:

Subd. 3. [NONDUTY DISABILITY BENEFIT.] Any member who becomes disabled after not less than one year of allowable service, before reaching the age of 55, because of sickness or injury occurring while not on duty as a police officer or firefighter, and by reason of that sickness or injury the member *has been or is expected to be* unable to perform duties as a police officer or firefighter for a period of at least one year, ~~shall be~~ is entitled to receive a disability benefit. The benefit ~~shall must~~ be in the same amount and paid in the same manner as if the member were 55 years of age at the date of disability and the benefit were paid pursuant to under section 353.651. If a disability under this subdivision occurs after one but in less than 15 years of allowable service, the disability benefit ~~shall must~~ be the same as though the member had at least 15 years service. For ~~any~~ a member who is employed as a full-time firefighter by the department of military affairs of the state of Minnesota, allowable service as a full-time state military affairs department firefighter credited by the Minnesota state retirement system may be used in meeting the minimum allowable service requirement of this subdivision.

Sec. 11. Minnesota Statutes 1988, section 353.657, subdivision 1, is

amended to read:

Subdivision 1. In the event any member of the police and fire fund ~~shall die~~ dies from any cause before retirement or after becoming disabled and receiving disability benefits if no optional annuity form was elected under section 353.656, subdivision 1a, the association shall grant survivor benefits to ~~any~~ a surviving spouse who had the same legal residence as the member at the time of death and who was married to the member for a period of at least one year, except that if death occurs in the line of duty no time limit is required, and to a dependent child or children, unmarried and under the age of 18 years. The spouse and child or children ~~shall be~~ are entitled to monthly benefits as provided in the following subdivisions.

Sec. 12. Minnesota Statutes 1988, section 353.83, is amended to read:  
353.83 [ADDITIONAL PAYMENTS TO CERTAIN ANNUITANTS.]

Payments of retirement annuities pursuant to this chapter, to annuitants who (a) retired prior to July 1, 1962, (b) had at least 20 years of allowable service credit in the public employees retirement association upon their termination of public employment, and (c) receive annuities of less than \$200 per month ~~shall must~~, retroactive to July 1, 1967, be supplemented by additional payments ~~by of \$15 per month from the public employees retirement association from moneys in the general fund of the state of Minnesota in the amount of \$15 per month, provided that such, if the annuitants have not previously qualified for the additional payments pursuant to under this section, and provided further that in no case shall the annuities plus the additional payments do not exceed \$200 per month. These additional payments shall must be made in the same manner and at the same time retirement annuities are paid and shall must be included in the warrants on which the annuities are so paid. The supplemental payment herein provided shall be excluded from additional payments are to be added to and considered a portion of the annuity otherwise payable to the recipient and must be included in the computation of any monthly survivor benefit or optional annuity which may become due and payable to any person following the death of an annuitant who, during life, received a benefit pursuant to under this section. If an annuitant entitled to receive additional payment under this section should die dies before such retroactive payment is received, payment shall must be made upon demand to the designated beneficiary in an amount equal to the accumulated benefit from July 1, 1967, to the date of death, without interest.~~

Sec. 13. [REPEALER.]

*Minnesota Statutes 1989 Supplement, section 353.87, subdivision 5, is repealed.*

Sec. 14. [EFFECTIVE DATE.]

*Sections 1 to 13 are effective the day following final enactment.*

## ARTICLE 12

### TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 1988, section 3A.03, subdivision 2, is amended to read:

Subd. 2. [REFUND.] (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a member of the legislature is

entitled to receive upon application to the director a refund of all contributions credited to the member's account with interest at the rate of five six percent per annum compounded annually.

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former member of the legislature or survivors of the former member under this chapter. Should the former member of the legislature again be a member of the legislature after having taken a refund as provided above, the member shall be considered a new member. However, a new member may reinstate the rights and credit for service forfeited, provided the new member repays all refunds taken plus interest ~~thereon~~ at the rate of six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a refund.

Sec. 2. Minnesota Statutes 1989 Supplement, section 352.01, subdivision 25, is amended to read:

Subd. 25. [NORMAL RETIREMENT AGE.] "Normal retirement age" means age 65 for a person who first became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a covered employee after June 30, 1989, normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(1), as amended.

Sec. 3. Minnesota Statutes 1989 Supplement, section 352.031, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF TERMINATION OR DENIAL.] If the executive director terminates a benefit or denies an application or a written request of any person claiming a right under chapter 352, other than sections 352.96 and 352.97; chapters 3A, 352B, 352C, and 352D; sections 490.121 to 490.133; or the applicable sections of chapters 355 and 356, the executive director ~~must~~ shall serve upon that person written notice containing:

(1) the reasons for the termination or denial;

(2) notice that the person may petition the board for a review of the termination or denial and that the petition for review must be filed within 60 days of the receipt of the written notice;

(3) *a statement that relevant documentation submitted by the petitioner to the executive director must be received in the office of the Minnesota state retirement system at least 30 days before the meeting prescribed in subdivision 4;*

(4) *a statement that failure to petition the board within 60 days will preclude the person from contesting in any other court procedure or administrative hearing, the issues determined by the executive director; and*

(4) (5) a copy of this section.

Sec. 4. Minnesota Statutes 1989 Supplement, section 352.031, subdivision 3, is amended to read:

Subd. 3. [PETITION FOR REVIEW.] A person who claims a right under subdivision 2 and whose benefit has been terminated or whose application or written request has been denied may petition for a review of that decision by the board. A petition under this section must be served upon the executive director personally, or by mail postmarked no later than 60 days after the



petitioner received the notice required by subdivision 2. The petition must include the sworn, notarized statement of the reasons the petitioner believes the decision of the executive director should be reversed or modified and may include relevant documentation. *Relevant documentation submitted by the petitioner to the executive director must be received in the office of the Minnesota state retirement system at least 30 days before the meeting prescribed in subdivision 4.*

Sec. 5. Minnesota Statutes 1989 Supplement, section 352.031, is amended by adding a subdivision to read:

*Subd. 5a. [EXECUTIVE DIRECTOR'S ORDER.] Notwithstanding subdivisions 4 and 5, if the executive director determines with respect to a petition that no relevant facts are in dispute, the executive director shall inform the board of that determination, and the board may issue findings of fact, a decision, reasons for the decision, and a final order and serve it upon the petitioner as provided in subdivision 8. If a petitioner receives an adverse decision, the petitioner may appeal the board's final order under subdivision 9.*

Sec. 6. Minnesota Statutes 1989 Supplement, section 352.115, subdivision 3, is amended to read:

Subd. 3. [RETIREMENT ANNUITY FORMULA.] (a) This paragraph, in conjunction with section 352.116, subdivision 1, applies to a person who became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity amount, in which case paragraph (b) will apply. The employee's average salary, as defined in subdivision 2, multiplied by one percent per year of allowable service for the first ten years and 1.5 percent for each later year of allowable service and pro rata for completed months less than a full year shall determine the amount of the retirement annuity to which the employee is entitled.

(b) This paragraph applies to a person who *has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is when calculated under paragraph (a), in conjunction with section 352.116, subdivision 1. The employee's average salary, as defined in subdivision 2, multiplied by 1.5 percent for each year of allowable service and pro rata for months less than a full year shall determine the amount of the retirement annuity to which the employee is entitled.*

Sec. 7. Minnesota Statutes 1989 Supplement, section 352.116, subdivision 1, is amended to read:

Subdivision 1. [REDUCED ANNUITY BEFORE NORMAL RETIREMENT AGE.] This subdivision applies only to a person who first became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph (a), in conjunction with this subdivision than when calculated under section 352.115, subdivision 3, paragraph (b), in conjunction with subdivision 1a.

(a) Any employee who is eligible for a retirement annuity under section 352.115, subdivision 1, and who retires before normal retirement age with

credit for at least three but less than 30 years of allowable service shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (a), reduced by one-quarter of one percent for each month that the employee is under normal retirement age at the time of retirement. An employee who is eligible for a retirement annuity under section 352.115, subdivision 1, and who retires prior to age 62 with credit for at least 30 years of allowable service shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (a), reduced by one-quarter of one percent for each month that the employee is under age 62 at the time of retirement.

(b) Any person whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in section 352.115, subdivisions 2 and 3, paragraph (a), without any reduction by reason of early retirement.

Sec. 8. Minnesota Statutes 1989 Supplement, section 352.116, subdivision 1a, is amended to read:

Subd. 1a. [ACTUARIAL REDUCTION FOR EARLY RETIREMENT.] This subdivision applies to a person who *has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 352.115, subdivision 3, paragraph (a), in conjunction with subdivision 1.* ~~An~~ A covered employee who retires before the normal retirement age shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (b), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 9. Minnesota Statutes 1989 Supplement, section 352.116, is amended by adding a subdivision to read:

Subd. 3c. [EFFECTIVE DATE OF BOUNCE-BACK ANNUITY.] *In the event of the death of the designated optional annuity beneficiary before the retired employee or disabilitant, the restoration of the normal single life annuity under subdivision 3a or 3b will take effect as of the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death certificate of the designated optional annuity beneficiary is received in the office of the Minnesota state retirement system, whichever date is later.*

Sec. 10. Minnesota Statutes 1988, section 352.73, is amended by adding a subdivision to read:

Subd. 1a. [PAYMENT ADDED.] *The supplemental benefit payable under subdivision 1 is to be added to and considered a portion of the annuity otherwise payable to the recipient.*

Sec. 11. Minnesota Statutes 1989 Supplement, section 352.93, subdivision 2a, is amended to read:

Subd. 2a. [EARLY RETIREMENT.] Any covered correctional employee who ~~has attained the age of~~ *becomes* at least 50 years old and who has at

least ~~five~~ *three* years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 2, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the employee deferred receipt of the annuity from the day the annuity begins to accrue to age 55.

Sec. 12. Minnesota Statutes 1989 Supplement, section 352.93, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS; DURATION AND AMOUNT.] The annuity under this section shall begin to accrue as provided in section 352.115, subdivision 8, and must be paid for an additional 84 full calendar months or to the first of the month following the month in which the employee attains normal retirement age, whichever occurs first, except that payment must not cease before the first of the month following the month in which the employee becomes 62. It must then be reduced to the amount as calculated *at normal retirement age* under section 352.115, except that if this amount, when added to *that portion of* the social security benefit based on state service the employee ~~is~~ *would be* eligible to receive at the time, is less than the benefit payable under subdivision 2, the retired employee shall receive an amount that when added to the social security benefit will equal the amount payable under subdivision 2. *If the employee retired prior to age 55, the reduced benefit as calculated under section 352.115 must be actuarially reduced as provided in subdivision 2a.*

When an annuity is reduced under this subdivision, the percentage adjustments, if any, that have been applied to the original annuity under section 11A.18, before the reduction, must be compounded and applied to the reduced annuity. A former correctional employee employed by the state in a position covered by the regular plan or the unclassified employees retirement program between the age of 58 and normal retirement age shall receive a partial return of correctional contributions at retirement with six percent interest based on the following formula:

Employee contributions contributed as a correctional employee in excess of the contributions the employee would have contributed as a regular employee	X	Years and complete months of regular service between age 58 and the normal retirement age ..... number of years between age 58 and normal retirement age
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Sec. 13. Minnesota Statutes 1989 Supplement, section 352B.08, subdivision 2a, is amended to read:

Subd. 2a. [EARLY RETIREMENT.] Any member who has ~~attained the age of~~ *become* at least 50 *years old* and who has at least ~~five~~ *three* years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 2, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the member deferred receipt of the annuity from the day the annuity begins to accrue to age 55.

Sec. 14. Minnesota Statutes 1989 Supplement, section 352B.08, subdivision 3, is amended to read:

Subd. 3. [OPTIONAL ANNUITY FORMS.] In lieu of the single life

annuity provided in subdivision 2, the member or former member ~~with five years or more of service~~ may elect an optional annuity form. The board of the Minnesota state retirement system shall establish a joint and survivor annuity, payable to a designated beneficiary for life, adjusted to the actuarial equivalent value of the single life annuity. The board shall also establish an additional optional annuity with an actuarial equivalent value of the single life annuity in the form of a joint and survivor annuity which provides that the elected annuity be reinstated to the single life annuity provided in subdivision 2, if after commencing the elected joint and survivor annuity, the designated beneficiary dies before the member, which reinstatement is not retroactive but takes effect for the first full month occurring after the death of the designated beneficiary. The board may also establish other actuarial equivalent value optional annuity forms. In establishing actuarial equivalent value optional annuity forms, each optional annuity form shall have the same present value as a regular single life annuity using the mortality table adopted by the board and the interest assumption specified in section 356.215, subdivision 4d, and the board shall obtain the written recommendation of the commission-retained actuary. These recommendations shall be a part of the permanent records of the board.

Sec. 15. Minnesota Statutes 1989 Supplement, section 352B.11, subdivision 2, is amended to read:

Subd. 2. [DEATH; PAYMENT TO SPOUSE AND CHILDREN.] If a member serving actively as a member, a member receiving the disability benefit provided by section 352B.10, subdivision 1, or a former member receiving a disability benefit as provided by section 352B.10, subdivision 2, dies from any cause, the surviving spouse and dependent children are entitled to benefit payments as follows:

(a) A member with at least three years of allowable service is deemed to have elected a 100 percent joint and survivor annuity payable to a surviving spouse only on or after the date the member or former member became or would have become 55.

(b) The surviving spouse of a member who had credit for less than three years of service shall receive, for life, a monthly annuity equal to 50 percent of that part of the average monthly salary of the member from which deductions were made for retirement. If the surviving spouse remarries, the annuity shall cease as of the date of the remarriage.

(c) The surviving spouse of a member who had credit for at least three years service and who died after ~~attaining becoming~~ *becoming* 55 years of ~~age old~~ *age old*, may elect to receive a 100 percent joint and survivor annuity, for life, notwithstanding a subsequent remarriage, in lieu of the annuity prescribed in paragraph (b).

(d) The surviving spouse of any member who had credit for three years or more and who was not 55 years of ~~age old~~ *age old* at death, shall receive the benefit equal to 50 percent of the average monthly salary as described in clause (b) until the deceased member would have ~~reached the age of become~~ *reached the age of become* 55 years ~~old~~ *old*, and beginning the first of the month following that date, may elect to receive the 100 percent joint and survivor annuity. If the surviving spouse remarries before the deceased member's 55th ~~birthdate~~ *birth date*, benefits or annuities shall cease as of the date of remarriage. Remarriage after the deceased member's 55th birthday shall not affect the payment of the benefit.

(e) Each dependent child shall receive a monthly annuity equal to ten percent of that part of the average monthly salary of the former member from which deductions were made for retirement. A dependent child over 18 and under 23 years of age also may receive the monthly benefit provided in this section, if the child is continuously attending an accredited school as a full-time student during the normal school year as determined by the director. If the child does not continuously attend school but separates from full-time attendance during any part of a school year, the annuity shall cease at the end of the month of separation. In addition, a payment of \$20 per month shall be prorated equally to surviving dependent children when the former member is survived by one or more dependent children. Payments for the benefit of any qualified dependent child must be made to the surviving spouse, or if there is none, to the legal guardian of the child. The maximum monthly benefit *for any one family* must not be less than 50 nor exceed 70 percent of the average monthly salary for any number of children.

(f) If the member dies under circumstances that entitle the surviving spouse and dependent children to receive benefits under the workers' compensation law, the workers' compensation benefits received by them must not be deducted from the benefits payable under this section.

(g) The surviving spouse of a deceased former member who had credit for three or more years of allowable service, but not the spouse of a former member receiving a disability benefit under section 352B.10, subdivision 2, is entitled to receive the 100 percent joint and survivor annuity at the time the deceased member would have ~~reached the age of~~ *become 55 years old*, if the surviving spouse has not remarried before that date. If a former member dies who does not qualify for other benefits under this chapter, the surviving spouse or, if none, the children or heirs are entitled to a refund of the accumulated deductions left in the fund plus interest at the rate of six percent per year compounded annually.

Sec. 16. Minnesota Statutes 1988, section 352B.11, subdivision 4, is amended to read:

Subd. 4. [REENTRY INTO STATE SERVICE.] When a former member, who has become separated from state service that entitled the member to membership and has received a refund of retirement payments, reenters the state service in a position that entitles the member to membership, that member shall receive credit for the period of prior allowable state service if the member repays into the fund the amount of the refund, plus interest on it at the rate of ~~five~~ *six* percent per year, at any time before subsequent retirement. Repayment may be made in installments or in a lump sum.

Sec. 17. Minnesota Statutes 1988, section 352C.09, subdivision 2, is amended to read:

Subd. 2. (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a constitutional officer or commissioner is entitled to receive upon application to the director a refund of all contributions credited to the individual's account with interest at the rate of ~~five~~ *six* percent per annum compounded annually.

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former constitutional officer or commissioner or survivors thereof under the provisions of this chapter. Should the former constitutional officer or commissioner again hold such office after having taken a refund

as provided above, the former officer or commissioner shall be considered a new member and may reinstate the rights and credit for service forfeited provided all refunds previously taken are repaid with interest at six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a refund.

Sec. 18. Minnesota Statutes 1988, section 352D.05, subdivision 3, is amended to read:

Subd. 3. Thirty days after termination of covered employment or at any time thereafter, a participant ~~shall be~~ *is* entitled, upon application, to withdraw the cash value of the participant's total shares or ~~may~~ leave such shares on deposit with the supplemental retirement fund. Shares not withdrawn ~~shall~~ *must* remain on deposit with the supplemental retirement fund until the former participant ~~attains the age of~~ *becomes* at least ~~58~~ *55* years old, and applies for an annuity as ~~provided in~~ *under* section 352D.06, subdivision 1.

Sec. 19. Minnesota Statutes 1989 Supplement, section 353.01, subdivision 37, is amended to read:

Subd. 37. [NORMAL RETIREMENT AGE.] "Normal retirement age" means age 65 for a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a public employee after June 30, 1989, "normal retirement age" means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(I), as amended.

Sec. 20. Minnesota Statutes 1989 Supplement, section 353.29, subdivision 3, is amended to read:

Subd. 3. [RETIREMENT ANNUITY FORMULA.] (a) This paragraph, in conjunction with section 353.30, subdivisions 1, 1a, 1b, and 1c, applies to any member who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 353.30, subdivision 5, produces a higher annuity amount, in which case paragraph (b) will apply. The average salary as defined in subdivision 2, multiplied by two percent for each year of allowable service for the first ten years and thereafter by 2.5 percent per year of allowable service and completed months less than a full year for the "basic member", and one percent for each year of allowable service for the first ten years and thereafter by 1.5 percent per year of allowable service and completed months less than a full year for the "coordinated member," shall determine the amount of the "normal" retirement annuity.

(b) This paragraph applies to a member who *has become at least 55 years old and* first became a public employee after June 30, 1989, and to any other member whose annuity amount, when calculated under this paragraph and in conjunction with section 353.30, subdivision 5, is higher than it is when calculated under paragraph (a), in conjunction with section 353.30, subdivisions 1, 1a, 1b, and 1c. The average salary, as defined in subdivision 2, multiplied by 2.5 percent for each year of allowable service and completed months less than a full year for a basic member and 1.5 percent per year of allowable service and completed months less than a full year for a coordinated member, shall determine the amount of the normal retirement annuity.

Sec. 21. Minnesota Statutes 1989 Supplement, section 353.30, is amended to read:

353.30 [ANNUITIES UPON RETIREMENT.]

Subdivision 1. Upon separation from public service, any person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and who has ~~attained the age of become~~ at least 58 years old but not more than normal retirement age and who received credit for not less than 20 years of allowable service is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement.

Subd. 1a. Any person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose attained age plus credited allowable service totals 90 years is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, paragraph (a), without any reduction in annuity by reason of such early retirement.

Subd. 1b. Any person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, with 30 years or more of allowable service credit, who elects early retirement under subdivision 1, shall receive an annuity in an amount equal to the normal annuity provided under section 353.29, subdivisions 2 and 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under age 62 at the time of retirement.

Subd. 1c. Any person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and who has received credit for at least 30 years of allowable service or who has ~~attained the age of become~~ at least 55 years old but not normal retirement age, and has received credit for at least three years of allowable service is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement, except that for any member who has 30 or more years of allowable service the reduction shall be applied only for each month that the member is under age 62 at the time of retirement.

Subd. 3. [OPTIONAL RETIREMENT ANNUITY FORMS.] The board of trustees shall establish optional annuities which shall take the form of a joint and survivor annuity. Except as provided in subdivision 3a, the optional annuity forms shall be actuarially equivalent to the forms provided in section 353.29 and subdivisions 1, 1a, 1b, 1c, and 5. In establishing those optional forms, the board shall obtain the written recommendation of the commission-retained actuary. The recommendations shall be a part of the permanent records of the board. A member or former member may select an optional form of annuity in lieu of accepting any other form of annuity which might otherwise be available.

Subd. 3a. [BOUNCE-BACK ANNUITY.] (a) If a former member or disabiltant selects a joint and survivor annuity option under subdivision 3, the former member or disabiltant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former

member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) A former member or disabilitant who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date.

(c) A former member or disabilitant who took a further actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the former member or disabilitant if the designated optional beneficiary *dies first but has not* died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.

Subd. 3b. [BOUNCE-BACK ANNUITY.] (a) The board of trustees must provide a joint and survivor annuity option to members of the police and fire fund. Under this option, a former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) A former member or disabilitant of the police and fire fund who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date.

(c) A former member or disabilitant who took a further actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the former member or disabilitant if the designated optional beneficiary *dies first but has not* died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have



provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.

*Subd. 3c. [EFFECTIVE DATE OF BOUNCE-BACK ANNUITY.] In the event of the death of the designated optional annuity beneficiary before the retired employee or disabilitant, the restoration of the normal single life annuity under subdivision 3a or 3b will take effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death certificate is received in the office of the public employees retirement association, whichever date is later.*

Subd. 4. ~~Any~~ Monthly payments to which any person may be entitled under this chapter may be reduced ~~in amount~~ upon application of ~~the person entitled thereto~~ to the association, provided that the person shall first relinquish in writing all claim to that part of the full monthly payment which is the difference between the monthly payment which that person would be otherwise entitled to receive and the monthly payment which that person will receive. The reduced monthly payment shall be payment in full of all amounts due under this chapter for the month for which the payment is made and acceptance of the reduced monthly payment releases the retirement association from all obligation to pay to the person the difference between the amount of the reduced monthly payment and the full amount of the monthly payment which the person would otherwise have received. Upon application of the person who is entitled to such monthly payment, it may be increased prospectively to not more than the amount to which the person would have been entitled had no portion thereof been waived.

Subd. 5. [ACTUARIAL REDUCTION FOR EARLY RETIREMENT.] This subdivision applies to a member who *has become at least 55 years old and* first became a public employee after June 30, 1989, and to any other member *who has become at least 55 years old and* whose annuity is higher when calculated under section 353.29, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 353.29, subdivision 3, paragraph (a), in conjunction with subdivision 1, 1a, 1b, or 1c. An employee who retires before normal retirement age shall be paid the retirement annuity provided in section 353.29, subdivision 3, paragraph (b), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 22. Minnesota Statutes 1989 Supplement, section 353.651, subdivision 4, is amended to read:

Subd. 4. [EARLY RETIREMENT.] Any police officer or firefighter member who has ~~attained the age of~~ *become* at least 50 years old and who has at least ~~five~~ *three* years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity from the day the annuity begins to accrue until the member attains age 55.

Sec. 23. Minnesota Statutes 1989 Supplement, section 354.05, subdivision 38, is amended to read:

Subd. 38. [NORMAL RETIREMENT AGE.] "Normal retirement age" means age 65 for a person who first became a member of the fund *or a member of a pension fund listed in section 356.30, subdivision 3*, before July 1, 1989. For a person who first becomes a member of the fund after June 30, 1989, normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended.

Sec. 24. Minnesota Statutes 1988, section 354.07, subdivision 4, is amended to read:

Subd. 4. It shall be the duty of the board from time to time to certify to the state board of investment for investment as much of the funds in its hands as shall not be needed for current purposes. ~~Such funds that are certified to the variable annuity division shall include employee deductions as well as an equal amount for state's matching.~~ Such funds that are certified as to investment in the postretirement investment fund shall include the amount as required for the total reserves needed for the purposes described in section 354.63. The state board of investment shall thereupon transfer such assets to the appropriate fund provided herein, in accordance with the procedure set forth in ~~sections 354.62 and~~ section 354.63, or invest and reinvest an amount equal to the sum so certified in such securities as are now or may hereafter be duly authorized legal investments for state employees retirement fund and all such securities so transferred or purchased shall be deposited with the state treasurer. All interest from these investments shall be credited to the appropriate funds and used for current purposes or investments, except as hereinafter provided. The state board of investment shall have authority to sell, convey, and exchange such securities and invest and reinvest the funds when it deems it desirable to do so, and shall sell securities upon request of the officers of the association when such officers determine funds are needed for its purposes. All of the provisions regarding accounting procedures and restrictions and conditions for the purchase and sale of securities for the state employees retirement fund shall apply to the accounting, purchase and sale of securities for the teachers' retirement fund.

Sec. 25. Minnesota Statutes 1989 Supplement, section 354.071, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF TERMINATION OR DENIAL.] If the executive director terminates a benefit or denies an application or a written request of any person claiming a right under this chapter or the applicable sections of chapters 136, 355, and 356, the executive director must serve upon that person a written notice. The notice must contain:

- (1) the reasons for the termination or denial;
- (2) notice that the person may petition the board for a review of the termination or denial and that the petition for review must be filed within 60 days of the receipt of the written notice;
- (3) *a statement that relevant documentation submitted by the petitioner to the executive director must be received in the office of the teachers retirement association at least 30 days before the meeting prescribed in subdivision 4;*
- (4) a statement that failure to petition the board within 60 days will

preclude the person from contesting in any other court procedure or administrative hearing, the issues determined by the executive director; and

(4) (5) a copy of this section.

Sec. 26. Minnesota Statutes 1989 Supplement, section 354.071, subdivision 3, is amended to read:

Subd. 3. [PETITION FOR REVIEW.] A person who claims a right under subdivision 2 and whose benefit has been terminated or whose application or written request has been denied may petition for a review of that decision by the board. A petition under this section must be served upon the executive director personally, or by mail postmarked no later than 60 days after the petitioner received the notice required by subdivision 2. The petition must include the sworn, notarized statement of the reasons the petitioner believes the decision of the executive director should be reversed or modified and may include relevant documentation. *Relevant documentation submitted by the petitioner to the executive director must be received in the office of the teachers retirement association at least 30 days before the meeting prescribed in subdivision 4.*

Sec. 27. Minnesota Statutes 1989 Supplement, section 354.071, is amended by adding a subdivision to read:

Subd. 5a. [EXECUTIVE DIRECTOR'S ORDER.] *Notwithstanding subdivisions 4 and 5, if the executive director determines with respect to a petition that no relevant facts are in dispute, the executive director shall inform the board of that determination, and the board may issue findings of fact, a decision, reasons for the decision, and a final order and serve it upon the petitioner as provided in subdivision 8. If a petitioner receives an adverse decision, the petitioner may appeal the board's final order under subdivision 9.*

Sec. 28. Minnesota Statutes 1988, section 354.146, subdivision 1, is amended to read:

Subdivision 1. Every member who has rendered teaching service or was on an authorized leave of absence after June 30, 1972 is covered by the full formula program ~~except that those members who have contributed to the variable annuity fund are covered by the combined formula and variable annuity program.~~ The benefit of a former member who does not return to teaching service ~~prior to~~ before retirement shall be determined under the program in effect at the time of termination.

Sec. 29. Minnesota Statutes 1988, section 354.42, subdivision 2, is amended to read:

Subd. 2. The employee contribution to the fund shall be an amount equal to 4-1/2 percent of the salary of every coordinated member and 8-1/2 percent of the salary of every basic member. This contribution shall be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, such member's employee contribution shall be based on the entire salary received. ~~For purposes of financing the various options related to the variable annuity division, employee variable annuity contributions will be credited in accordance with section 354.62, subdivision 2.~~

Sec. 30. Minnesota Statutes 1988, section 354.42, subdivision 3, is amended to read:

Subd. 3. The employer contribution to the fund shall be an amount equal to 4-1/2 percent of the salary of each coordinated member and 8-1/2 percent of the salary of each basic member. This contribution shall be made in the manner provided in section 354.43. ~~For purposes of financing the various options related to the variable annuity division, employer contributions equal to the employee variable annuity contributions prescribed in section 354.62, subdivision 2, shall be allocated at the same time to the employer variable annuity contribution account in section 354.62, subdivision 3.~~

Sec. 31. Minnesota Statutes 1989 Supplement, section 354.44, subdivision 6, is amended to read:

Subd. 6. [COMPUTATION OF FORMULA PROGRAM RETIREMENT ANNUITY.] (1) The formula retirement annuity hereunder shall be computed in accordance with the applicable provisions of the formulas stated in clause (2) or (4) on the basis of each member's average salary for the period of the member's formula service credit. ~~For the purposes of computing the formula benefits under the formula and variable program, if a combination of these formulas is used, the formula percentages used will be those percentages in each formula as continued for the respective years of service from one formula to the next.~~

For all years of formula service credit, "average salary," for the purpose of determining the member's retirement annuity, means the average salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in Minnesota Statutes 1971, section 354.511 for the highest five successive years of formula service credit provided, however, that such "average salary" shall not include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of formula service credit if this service credit is less than five years.

(2) This clause, in conjunction with clause (3), applies to a person who first became a member of the fund or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless clause (4), in conjunction with clause (5), produces a higher annuity amount, in which case clause (4) applies. The average salary as defined in clause (1), multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	1.0 percent per year	2.0 percent per year
Each year of service thereafter	1.5 percent per year	2.5 percent per year

(3)(i) This clause applies only to a person who first became a member of the fund or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under clause (2), in conjunction with this clause than when calculated under clause (4), in conjunction with clause (5).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in clause (2) ~~and subdivision 7, paragraph (a),~~ reduced by one-quarter of one percent for each month that

the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in clause (2), without any reduction by reason of early retirement.

(4) This clause applies to a member who *has become at least 55 years old and* first became a member of the fund after June 30, 1989, and to any other member *who has become at least 55 years old and* whose annuity amount when calculated under this clause and in conjunction with clause (5), is higher than it is when calculated under clause (2), in conjunction with clause (3). The average salary, as defined in clause (1) multiplied by 2.5 percent for each year of service for a basic member and by 1.5 percent for each year of service for a coordinated member shall determine the amount of the retirement annuity to which the member is entitled.

(5) This clause applies to a person who *has become at least 55 years old and* first becomes a member of the fund after June 30, 1989, and to any other member *who has become at least 55 years old and* whose annuity is higher when calculated under clause (4) in conjunction with this clause than when calculated under clause (2), in conjunction with clause (3). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in clause (4) ~~and subdivision 7, paragraph (b)~~, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 32. Minnesota Statutes 1989 Supplement, section 354.45, subdivision 1a, is amended to read:

Subd. 1a. [BOUNCE-BACK ANNUITY.] (a) If a former member or disabilitant selects a joint and survivor annuity option under subdivision 1, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) A former member or disabilitant who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date.

(c) *The restoration of the normal single life annuity under this subdivision will take effect on the first of the month following the date of death*

*of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death certificate of the designated optional annuity beneficiary is received in the office of the teachers retirement association, whichever date is later.*

Sec. 33. Minnesota Statutes 1988, section 354.46, subdivision 1, is amended to read:

Subdivision 1. [BASIC PROGRAM; BENEFITS FOR SPOUSE AND CHILDREN OF TEACHER.] If a basic member who has at least 18 months of allowable service credit and who has an average salary as defined in section 354.44, subdivision 6 equal to or greater than \$75 dies prior to retirement or if a former basic member who, at the time of death, was totally and permanently disabled and receiving disability benefits pursuant to section 354.48 dies prior to attaining the age of 65 years, the surviving dependent spouse and dependent children of the basic member or former basic member shall be entitled to receive a monthly benefit as follows:

(a) Surviving dependent spouse . . . . . 50 percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

(b) Each dependent child . . . . . ten percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

Payments for the benefit of any dependent child under the age of 22 years shall be made to the surviving parent, or if there be none, to the legal guardian of the child. The maximum monthly benefit shall not exceed \$1,000 for any one family, and the minimum benefit per family shall not be less than 50 percent of the basic member's average salary, subject to the foregoing maximum. The surviving dependent spouse benefit shall terminate upon remarriage, and the surviving dependent children's benefit shall be reduced pro tanto when any surviving child is no longer dependent.

If the basic member and the surviving dependent spouse are killed in a common disaster and if the total of all survivors benefits payable pursuant to this subdivision is less than the accumulated deductions plus interest payable, the surviving dependent children shall receive the difference in a lump sum payment.

If the survivor benefits provided in this subdivision exceed in total the monthly average salary of the deceased basic member, these benefits shall be reduced to an amount equal to the deceased basic member's monthly average salary.

Prior to payment of any survivor benefit pursuant to this subdivision, in lieu of that benefit, the surviving dependent spouse may elect to receive the joint and survivor annuity provided pursuant to subdivision 2, or may elect to receive a refund of accumulated deductions with interest in a lump sum as provided pursuant to ~~sections~~ section 354.47, subdivision 1 ~~or 354.62, subdivision 5, clause (3)~~. If there are any surviving dependent children, the surviving dependent spouse may elect to receive the refund of accumulated deductions only with the consent of the district court of the district in which the surviving dependent child or children reside.

Sec. 34. Minnesota Statutes 1989 Supplement, section 354.46, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.] The surviving spouse of any member or former member who has attained the age of at least 50 years and has credit for at least three years of allowable service or who has credit for at least 30 years of allowable service irrespective of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. If the surviving spouse does not elect to receive a surviving spouse benefit provided pursuant to subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions provided pursuant to section 354.47, subdivision 1, ~~or 354.62, subdivision 5, clause (3), whichever is applicable,~~ the surviving spouse shall be entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity as provided pursuant to section 354.45 and computed pursuant to section 354.44, subdivision 2, 6, or 7, whichever is applicable. The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 354.44, subdivisions 6 and 7, and 354.60 apply to a deferred annuity payable under this section. ~~If the member was a participant in the variable annuity division, the applicable portion of the benefit shall be computed pursuant to section 354.62, subdivision 5, clause (1).~~ The benefit shall be payable for life.

Sec. 35. Minnesota Statutes 1989 Supplement, section 354.47, subdivision 1, is amended to read:

Subdivision 1. [DEATH BEFORE RETIREMENT.] (1) If a member dies before retirement and is covered pursuant to the provisions of section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit pursuant to section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, the surviving spouse, or if there is no surviving spouse, the designated beneficiary shall be entitled to an amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death.

(2) If a member dies before retirement and is covered pursuant to the provisions of section 354.44, ~~subdivisions~~ *subdivision 6 and 7*, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, the surviving spouse, or if there is no surviving spouse, the designated beneficiary shall be entitled to an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957, and from July 1, 1957, to the date of death the member's accumulated deductions plus interest at the rate of six percent per annum compounded annually.

~~(3) The amounts payable in clause (1) or (2) are in addition to the amount payable in section 354.62, subdivision 5, for the member's variable annuity account.~~

Sec. 36. Minnesota Statutes 1989 Supplement, section 354.48, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF BENEFITS.] (1) The amount of the disability benefit granted to members covered under section 354.44, subdivision 2, clauses (1) and (2), is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest on the amount computed as though the teacher were at normal retirement age at the time the benefit begins to accrue and in accordance with the law in effect when the disability application is received. Any member who applies for a disability benefit after June 30, 1974, and who failed to make an election pursuant to Minnesota Statutes 1971, section 354.145, shall have the disability benefit computed under this clause or clause (2), whichever is larger.

The benefit granted shall be determined by the following:

- (a) the amount of the accumulated deductions;
- (b) interest actually earned on these accumulated deductions to the date the benefit begins to accrue;
- (c) interest for the years from the date the benefit begins to accrue to the date the member attains normal retirement age at the rate of three percent;
- (d) annuity purchase rates based on an appropriate annuity table of mortality established by the board as provided in section 354.07, subdivision 1, and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 4d.

In addition, a supplementary monthly benefit shall be paid to basic members only in accordance with the following table:

Age When Benefit Begins to Accrue	Supplementary Benefit
Under Age 56	\$50
56	45
57	40
58	35
59	30
60	25
61	20
62	15
63	10
64	5

(2) The disability benefit granted to members covered under section 354.44, subdivision 6 or 7, shall be computed in the same manner as the annuity provided in section 354.44, subdivision 6 or 7, ~~whichever is applicable~~. The disability benefit shall be the formula annuity without the reduction for each month the member is under normal retirement age when the benefit begins to accrue.

(3) For the purposes of computing a retirement annuity when the member becomes eligible, the amounts paid for disability benefits shall not be deducted from the individual member's accumulated deductions. If the disability benefits provided in this subdivision exceed the monthly average salary of the disabled member, the disability benefits shall be reduced to an amount equal to the disabled member's average salary.

Sec. 37. Minnesota Statutes 1989 Supplement, section 354.49, subdivision 2, is amended to read:



Subd. 2. Except as provided in section 354.44, subdivision 1, any person who ceases to be a member by reason of termination of teaching service, shall receive a refund in an amount equal to the accumulated deductions credited to the account as of June 30, 1957, and after July 1, 1957, the accumulated deductions with interest at the rate of six percent per annum compounded annually ~~plus any variable annuity account accumulations payable pursuant to section 354.62, subdivision 5, clause (4)~~. For the purpose of this subdivision, interest shall be computed on fiscal year end balances to the first day of the month in which the refund is issued.

Sec. 38. Minnesota Statutes 1989 Supplement, section 354.49, subdivision 3, is amended to read:

Subd. 3. Any person who has attained normal retirement age with less than three years of credited allowable service shall be entitled to receive a refund in an amount equal to the person's accumulated deductions plus interest in lieu of a proportionate annuity pursuant to section 356.32 except those covered under the provisions of section 354.44, subdivision 6 ~~or 7~~, in which case the refund shall be an amount equal to the accumulated deductions credited to the person's account as of June 30, 1957, and after July 1, 1957, the accumulated deductions plus interest at the rate of six percent compounded annually.

Sec. 39. Minnesota Statutes 1989 Supplement, section 354.50, subdivision 5, is amended to read:

Subd. 5. ~~Notwithstanding section 354.62, subdivision 5, clause (4)~~, A member who received a refund of variable account accumulations may repay this refund to the member's formula account under this section.

Sec. 40. Minnesota Statutes 1988, section 354.52, subdivision 2, is amended to read:

Subd. 2. Each school board or managing body shall, on or before August 1, each year, report to the teachers retirement board giving an itemized summary of the total amount withheld from the salaries of teachers for ~~regular teacher's teachers~~ retirement deductions ~~and for variable annuity deductions~~, and such other information as the executive director may require. If the itemized summary is received after August 1 in any year, there shall be a penalty not to exceed \$25 for each month or portion thereof which the summary is delinquent, as determined by the board of trustees. The penalty shall be paid by the school board or the managing body.

Sec. 41. Minnesota Statutes 1989 Supplement, section 354.55, subdivision 11, is amended to read:

Subd. 11. [DEFERRED ANNUITY; AUGMENTATION.] Any person covered under section 354.44, ~~subdivisions subdivision 6 and 7~~, who ceases to render teaching service, may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision shall be governed pursuant to section 354.44, subdivision 1, or 354.60.

The amount of the deferred retirement annuity shall be determined by section 354.44, ~~subdivisions subdivision 6 and 7~~, and augmented as provided in this subdivision. The required reserves related to that portion of the annuity which had accrued when the member ceased to render teaching service shall be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to

render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months or if this period commences prior to July 1, 1971. The rates of interest used for this purpose shall be five percent compounded annually commencing July 1, 1971, until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former member attains age 55. From that date to the effective date of retirement, the rate is five percent compounded annually. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with this fund. If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service shall be those applicable to new members. The mortality table and interest assumption used to compute the annuity shall be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purposes of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

~~The provisions of this subdivision shall not apply to variable account accumulations as defined in section 354.05, subdivision 23.~~

In no case shall the annuity payable under this subdivision be less than the amount of annuity payable pursuant to section 354.44, ~~subdivisions subdivision 6 and 7.~~

The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, clause (3) or (5), shall also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

The augmentation provided by this subdivision shall not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

Sec. 42. Minnesota Statutes 1988, section 354.55, subdivision 19, is amended to read:

Subd. 19. Any member or retired former member who is covered by the formula ~~or formula and variable programs~~ in effect after June 30, 1973 and who made payments to the fund pursuant to Minnesota Statutes 1965, section 354.511 shall upon request receive a refund of such payments.

Sec. 43. Minnesota Statutes 1989 Supplement, section 354.65, is amended to read:

354.65 [ADMINISTRATIVE EXPENSES.]

Necessary and reasonable administrative expenses incurred by the teachers retirement association must be prorated and allocated to the teachers retirement fund; and the organization's participation in ~~both the Minnesota variable annuity investment fund and the Minnesota supplemental investment fund~~ in accordance with policies and procedures established by the board of trustees of the teachers retirement association.

Sec. 44. Minnesota Statutes 1989 Supplement, section 354.66, subdivision 2, is amended to read:

Subd. 2. A teacher in the public elementary schools, secondary schools, or technical institutes or in the community college system or the state university system of the state who has 20 years or more of allowable service in the fund or 20 years or more of full-time teaching service in Minnesota public elementary schools, secondary schools, or technical institutes or in the community college system or the state university system, or a teacher in the community college system or state university system who has attained at least age 55 and has ten years or more *of allowable service in the fund or ten years or more of full-time teaching service as described in this subdivision*, may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part-time teaching position.

Sec. 45. Minnesota Statutes 1989 Supplement, section 354A.011, subdivision 15a, is amended to read:

Subd. 15a. [NORMAL RETIREMENT AGE.] "Normal retirement age" means age 65 for a person who first became a member of the coordinated program of the Minneapolis or St. Paul teachers retirement fund association or the new law coordinated program of the Duluth teachers retirement fund association *or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989*. For a person who first became a member of the coordinated program of the Minneapolis or St. Paul teachers retirement fund association or the new law coordinated program of the Duluth teachers retirement fund association after June 30, 1989, normal retirement age means the higher of age 65 or retirement age, as defined in United States Code, title 42, section 416(l), as amended. For a person who is a member of the basic program of the Minneapolis or St. Paul teachers retirement fund association or the old law coordinated program of the Duluth teachers retirement fund association, normal retirement age means the age at which a teacher becomes eligible for a normal retirement annuity computed upon meeting the age and service requirements specified in the applicable provisions of the articles of incorporation or bylaws of the respective teachers retirement fund association.

Sec. 46. Minnesota Statutes 1989 Supplement, section 354A.095, is amended to read:

354A.095 [MATERNITY LEAVE.]

A Basic or coordinated ~~member~~ *members* of the St. Paul teachers retirement fund association and ~~old or~~ new coordinated members of the Duluth teachers retirement fund association, who are granted parental or maternity leave of absence by the employing authority, are entitled to obtain service credit not to exceed one year for the period of leave upon payment to the applicable fund by the end of the fiscal year *following the fiscal year* in which the leave of absence terminated. The amount of the payment must include the total required employee and employer contributions for the

period of leave prescribed in section 354A.12. Payment must be based on the member's average monthly salary upon return to teaching service, and is payable without interest. Payment must be accompanied by a certified or otherwise adequate copy of the resolution or action of the employing authority granting or approving the leave.

Sec. 47. Minnesota Statutes 1989 Supplement, section 354A.31, subdivision 4, is amended to read:

Subd. 4. [COMPUTATION OF THE NORMAL COORDINATED RETIREMENT ANNUITY.] (a) The normal coordinated retirement annuity shall be an amount equal to a retiring coordinated member's average salary multiplied by the retirement annuity formula percentage. Average salary for purposes of this section shall mean an amount equal to the average salary upon which contributions were made for the highest five successive years of service credit, but which shall not in any event include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of service credit if this service credit is less than five years.

(b) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member *or a member in a pension fund listed in section 356.30, subdivision 3*, before July 1, 1989, unless paragraph (c), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (c) will apply. The retirement annuity formula percentage for purposes of this paragraph is one percent per year for each year of coordinated service for the first ten years and ~~1-1/2~~ 1.5 percent for each year of coordinated service thereafter.

(c) This paragraph applies to a person *who has become at least 55 years old and* who first becomes a member after June 30, 1989, and to any other member *who has become at least 55 years old and* whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7 is higher than it is when calculated under paragraph (b), in conjunction with the provisions of subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is ~~1-1/2~~ 1.5 percent for each year of coordinated service.

Sec. 48. Minnesota Statutes 1989 Supplement, section 354A.31, subdivision 6, is amended to read:

Subd. 6. [REDUCED RETIREMENT ANNUITY.] This subdivision applies only to a person who first became a coordinated member *or a member of a pension fund listed in section 356.30, subdivision 3*, before July 1, 1989, and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision ~~(4)~~ 4, paragraph (b), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), in conjunction with subdivision 7.

(a) Upon retirement at an age ~~prior to~~ *before* normal retirement age with three years of service credit or prior to age 62 with at least 30 years of service credit, a coordinated member shall be entitled to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision (4), paragraph (b), reduced by one-quarter of one percent for each month that the coordinated member is under normal retirement age if the coordinated member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit.

(b) Any coordinated member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision (4), paragraph (b), without any reduction by reason of early retirement.

Sec. 49. Minnesota Statutes 1989 Supplement, section 354A.31, subdivision 7, is amended to read:

Subd. 7. [ACTUARIAL REDUCTION FOR EARLY RETIREMENT.] This subdivision applies to a person who *has become at least 55 years old and* first becomes a coordinated member after June 30, 1989, and to any other coordinated member *who has become at least 55 years old and* whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (b), in conjunction with subdivision 6. A coordinated member who retires before the full benefit age shall be paid the retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 50. Minnesota Statutes 1989 Supplement, section 354A.32, subdivision 1, is amended to read:

Subdivision 1. [OPTIONAL FORMS GENERALLY.] The boards of the Minneapolis and the St. Paul teachers retirement fund associations shall each establish for the coordinated program and the board of the Duluth teachers retirement fund association shall establish for the new law coordinated program an optional retirement annuity which shall take the form of a joint and survivor annuity. Each board may also in its discretion establish an optional annuity which shall take the form of an annuity payable for a period certain and for life thereafter. *Each board shall also establish an optional retirement annuity that guarantees payment of the balance of the annuity recipient's accumulated deductions to a designated beneficiary upon the death of the annuity recipient.* Except as provided in subdivision 1a, optional annuity forms shall be the actuarial equivalent of the normal forms provided in section 354A.31. In establishing these optional annuity forms, the board shall obtain the written recommendation of the commission-retained actuary. The recommendation shall be a part of the permanent records of the board.

Sec. 51. Minnesota Statutes 1989 Supplement, section 354A.32, subdivision 1a, is amended to read:

Subd. 1a. [BOUNCE-BACK ANNUITY.] (a) If a former coordinated member or disabilitant has selected a joint and survivor annuity option under subdivision 1, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) A former coordinated member or disabilitant who selected an optional

joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disablitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disablitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date.

(c) A former coordinated member or disablitant who took a further actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the former member or disablitant if the designated optional beneficiary *dies first but has not* died before July 1, 1989, shall have the annuity increased as of July 1, 1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.

*(d) The restoration of the normal single life annuity under this subdivision will take effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death certificate of the designated optional annuity beneficiary is received in the office of the appropriate teachers retirement fund association, whichever date is later.*

Sec. 52. Minnesota Statutes 1989 Supplement, section 354B.02, subdivision 2, is amended to read:

Subd. 2. [PERSONS WITH CERTAIN PRIOR ALLOWABLE SERVICE.] A person with less than three years of prior allowable service as a member of the teachers retirement association other than in covered employment under section 354B.01, subdivision 2 or 3, and who is first employed in covered employment after June 30, 1989, ~~may remain~~ *remains* a member of the teacher's retirement association for all purposes ~~or, but a coordinated member may~~ elect to participate in the plan. This election *to participate in the plan* must be made within 60 days of the start of covered employment.

Sec. 53. Minnesota Statutes 1989 Supplement, section 354B.02, subdivision 3, is amended to read:

Subd. 3. [OPTIONAL PARTICIPATION.] A person with less than three years of allowable service who was first employed in covered employment before July 1, 1989, and who is a coordinated member of the teachers retirement association, may elect to transfer retirement coverage to the plan under section ~~6~~ *354B.03*. The election must be made on a form provided by the executive director. An election to transfer retirement coverage to the plan must be made before July 1, 1992, and is irrevocable. When a member transfers coverage to the plan, all existing service credits with the association to which the person was entitled before the transfer terminate and may not be restored.

Sec. 54. Minnesota Statutes 1989 Supplement, section 354B.03, subdivision 1, is amended to read:

Subdivision 1. [~~PROCEDURE TRANSFER.~~] If a person with less than three years of allowable service elects a transfer to the plan under section 354B.02, subdivision 2 or 3, the executive director of the teachers retirement association shall transfer from the teachers retirement fund to the plan the person's member contributions plus interest compounded annually at five percent a year. The transfer must be made within 90 days from the date the executive director receives notification of the election. The transfer may not include any amount representing an employer contribution ~~nor any amount representing the repayment of a refund received by the association after the date of enactment of this act.~~

Sec. 55. Minnesota Statutes 1989 Supplement, section 354B.03, subdivision 3, is amended to read:

Subd. 3. [ELECTION.] A person with ~~more than~~ *three or more* years of allowable service credit who was first employed in covered employment before July 1, 1989, or after June 30, 1989, as provided in section 354B.02, subdivision 2, may elect coverage by the plan *before July 1, 1992*. If coverage is elected, accumulated employer and employee contributions and allowable service credit ~~shall~~ *must* remain with the teachers retirement fund and that person ~~shall remain~~ *is* eligible for a deferred annuity from that fund augmented with interest at the rate of five percent computed as specified in section 354.55, subdivision 11. Future contributions only shall be made to the plan. *An election made under this subdivision is irrevocable.*

Sec. 56. Minnesota Statutes 1988, 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 ~~five~~ *three* years;

(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~~ *three* continuous years of allowable service credit by the general employee retirement plan or has at least a total of ~~five~~ *three* 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. 57. Minnesota Statutes 1988, section 356.302, subdivision 4, is amended to read:

**Subd. 4. [PUBLIC SAFETY PLAN ELIGIBILITY REQUIREMENTS.]**

A disabled member of a covered retirement plan who has credit for allowable service in a combination of public safety employee retirement plans is entitled to a combined service disability benefit if the member:

- (1) is less than 55 years of age ~~old~~ on the date of application for the disability benefit;
- (2) has become occupationally disabled;
- (3) has credit for allowable service in any combination of public safety employee retirement plans totaling at least one year if the disability is duty-related or totaling at least ~~five~~ *three* years if the disability is not duty-related;
- (4) has credit for at least six months of allowable service with the current public safety employee retirement plan before the commencement of the disability; and
- (5) is not receiving a retirement annuity or disability benefit from any covered public safety employee retirement plan at the time of the commencement of the disability.

Sec. 58. Minnesota Statutes 1989 Supplement, section 356.371, subdivision 3, is amended to read:

**Subd. 3. [REQUIREMENT OF NOTICE TO MEMBER'S SPOUSE.]** If a public pension fund provides optional retirement annuity forms which include a joint and survivor optional retirement annuity form potentially applicable to the surviving spouse of a member, the chief administrative officer of the public pension fund shall send a copy of the written statement required by subdivision 2 to the spouse of the member before the member's election of an optional retirement annuity.

Following the election of ~~an optional~~ *a* retirement annuity ~~form~~ by the member, a copy of the completed retirement annuity application and retirement annuity beneficiary form must be sent by the public pension fund to the spouse of the retiring member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form. If the required signed acknowledgment is not received from the spouse within 30 days, the public pension fund must send another copy of the completed retirement annuity application and retirement annuity beneficiary form to the spouse by certified mail.

Sec. 59. Minnesota Statutes 1989 Supplement, section 356.86, subdivision 2, is amended to read:

**Subd. 2. [AMOUNT OF POSTRETIREMENT ADJUSTMENT; PAYMENT.]** (a) For any person receiving an annuity or benefit on November 30, 1989, and entitled to receive a postretirement adjustment under subdivision 1, the postretirement adjustment is a lump sum payment calculated under paragraph (b) or (c).

(b) For coordinated plan ~~members~~ *annuity or benefit recipients*, the postretirement adjustment in 1989 is \$25 for each full year of allowable service credited to the person by the respective retirement fund. In 1990 and each following year, the postretirement adjustment is the amount payable in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement



funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(c) For basic plan ~~members~~ *annuity or benefit recipients*, the postretirement adjustment in 1989 is the greater of:

(1) \$25 for each full year of allowable service credited to the person by the respective retirement fund; or

(2) the difference between:

(i) the product of \$400 times the number of full years of allowable service credited to the person by the respective retirement fund; and

(ii) the sum of the benefits payable to the person from any Minnesota public employee pension plan, and cash benefits payable to the person from the social security administration.

In 1990 and each following year, each *eligible* basic plan ~~member~~ *annuity or benefit recipient* shall receive the amount received in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(d) The postretirement adjustment provided for in this section is payable for those persons receiving an annuity or benefit on November 30, 1989, on December 1, 1989. In subsequent years, the adjustment must be paid on December 1, ~~unless the beneficiary~~ *to those persons receiving an annuity or benefit on the preceding November 30. A person who is entitled* ~~eligible~~ *may elect to participate in an optional annuity or benefit receipt schedule under subdivision 4. This section does not authorize the payment of a postretirement adjustment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. Notwithstanding section 356.18, the postretirement adjustment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the postretirement adjustment not be paid.*

Sec. 60. Minnesota Statutes 1989 Supplement, section 356.86, subdivision 4, is amended to read:

Subd. 4. [OPTIONAL ~~BENEFIT~~ *POSTRETIREMENT ADJUSTMENT PAYMENT SCHEDULE.*] Basic plan *annuity or benefit recipients* receiving adjustments under subdivision 2, paragraph (c), clause (2), and whose adjustment exceeds 20 percent of their Minnesota plan *annuity or benefit* may elect to have the amount of the ~~benefit~~ *adjustment* paid in equal monthly amounts instead of receiving a ~~benefit adjustment~~ *lump sum payment* on December 1 ~~of each year, 1989.~~ Selection of this option must be made by the recipient in writing on forms prepared by the retirement association. *This option may be revoked by the recipient in writing prior to November 1 preceding the December 1 lump sum distribution. Upon the death of the annuity or benefit recipient, any remaining unpaid monthly amounts shall be paid to the surviving spouse, or if no spouse survives, to the annuity or benefit recipient's beneficiary or estate.*

Sec. 61. Minnesota Statutes 1989 Supplement, section 356.86, subdivision 5, is amended to read:

Subd. 5. [SOCIAL SECURITY INFORMATION.] To be eligible for a

~~benefit~~ *postretirement* adjustment calculated under subdivision 2, paragraph (c), clause (2), a person must authorize the social security administration to release to the retirement association information on the person's social security cash benefits. *This authorization must be received by the retirement association before the December 1, 1989, payment date.*

Sec. 62. Minnesota Statutes 1989 Supplement, section 356.86, subdivision 6, is amended to read:

Subd. 6. [REPORT.] By September 30, 1990, the retirement funds listed in subdivision 3 shall report to the legislature and the commissioner of finance on the number of *annuity and* benefit recipients eligible for each type of adjustment established in subdivision 2, the annual cost of each type of adjustment, and the estimated actuarial liability associated with each.

Sec. 63. Laws 1989, chapter 319, article 19, section 7, subdivision 4, is amended to read:

Subd. 4. [AMOUNT OF ANNUAL POSTRETIREMENT PAYMENT.] The amount determined under subdivision 3 must be applied in accordance with this subdivision. The relief association shall apply the first one-half of one percent of *assets which constitute* excess investment income to the payment of an annual postretirement payment as specified in this subdivision. The second one-half of one percent of *assets which constitute* excess investment income shall be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due to the relief association under section 423A.02 for the current calendar year. The relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed one-half of one percent of the assets of the fund. Payment of the annual postretirement payment must be in a lump sum amount on June 1 following the determination date in any year. Payment of the annual postretirement payment may be made only if the time weighted total rate of return exceeds by two percent the actual percentage increase in the current monthly salary of a top grade patrol officer or a top grade firefighter, whichever applies, in the most recent fiscal year and the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a top grade patrol officer or a top grade firefighter, whichever applies, of the previous five years. The total amount of all payments to members may not exceed the amount determined under subdivision 3. Payment to each eligible member must be calculated by dividing the total number of pension units to which eligible members are entitled into the excess investment income available for distribution to members, and then multiplying that result by the number of units to which each eligible member is entitled to determine each eligible member's annual postretirement payment. Payment to each eligible member may not exceed an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the benefit plan of the relief association or each eligible member's proportionate share of the excess investment income, whichever is less.

Sec. 64. [REPEALER.]

*Minnesota Statutes 1988, sections 11A.19, subdivisions 1, 2, 3, 4, 5, 6, 7, and 8; 354.05, subdivisions 23, 24, 33, and 34; 354.146, subdivision 2; and 354.62, subdivisions 1, 3, 4, 5, and 6; Minnesota Statutes 1989 Supplement, sections 11A.19, subdivision 9; 354.44, subdivision 7; and*

354.62, subdivisions 2 and 7, are repealed.

Sec. 65. [EFFECTIVE DATE.]

*Sections 1 to 64 are effective the day following final enactment.*

## ARTICLE 13

### PURCHASES OF CREDIT FOR PRIOR SERVICE

Section 1. [BUY-BACK OF PRIOR SERVICE CREDIT.]

*Subdivision 1. [MILITARY AFFAIRS.] A person who was employed by the department of military affairs between April 14, 1967, and December 31, 1974, may purchase service credit from the Minnesota state retirement system for periods of that employment for which allowable service credit has not been obtained.*

*Subd. 2. [ST. CLOUD CITY COUNCIL.] A person who began service as an elected member of the St. Cloud city council on April 20, 1980, and who began participating in the public employees retirement association on February 19, 1989, may purchase credit for prior service as an elected member of the city council from April 20, 1980, to February 18, 1989.*

*Subd. 3. [AITKIN COUNTY OFFICIAL.] A member of the public employees retirement association with prior service as an elected county official in Aitkin county between January 4, 1971, and December 31, 1975, may purchase allowable service credit in the association for that period of service.*

*Subd. 4. [ST. LOUIS PARK.] A person who was born on July 31, 1927, who is the city attorney for the city of Brooklyn Park, and who was a member of the city council for the city of St. Louis Park from January 1, 1960, to January 1, 1968, is entitled to purchase credit from the public employees retirement association for that period of service if not otherwise credited as allowable service by the association.*

*Subd. 5. [PURCHASE.] Notwithstanding Minnesota Statutes, section 352.01, subdivision 11, any member of the Minnesota state retirement system currently employed by the Willmar Regional Treatment Center who left state service to attend the University of Michigan, Ann Arbor, between February 1966 and April 1968 may obtain allowable service credit for that period.*

*Subd. 6. [PERA.] A basic member of the public employees retirement association who was employed by the city of White Bear Lake from March 1, 1966, to February 1979, employed by the metropolitan transit commission on February 23, 1979, and who received a reduced salary based on service with the metropolitan transit commission between November 4, 1987, and March 1, 1988, may elect to exclude that service from calculation of the highest five successive years average salary used to determine the person's annuity from the public employees retirement association.*

*Subd. 7. [PURCHASE PAYMENT AMOUNT.] To purchase credit for prior service under subdivisions 1 to 5 there must be paid to the applicable fund an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity obtained by the purchase of the additional service credit. To make an exclusion under subdivision 6, there must be paid to the public employees retirement association an amount equal to the difference in the present value, on the date of payment, of the additional retirement annuity obtained by the exclusion of service between*

*November 4, 1987, and March 1, 1988, from calculation of the highest five successive years average salary. Calculation of this amount must be made using the applicable preretirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the fund. The calculation must assume continuous future service in the association 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. The calculation must also assume a future salary history that includes annual salary increases at the salary increase rate specified in section 356.215, subdivision 4d. The person requesting the purchase of prior service shall establish in the records of the fund or association sufficient 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 association.*

*Subd. 8. [PAYMENT; CREDITING SERVICE.] Payment must be made in one lump sum, unless the executive director of the fund or association 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 or the period of service excluded from calculation of the high five only after receipt of full payment by the executive director.*

*Subd. 9. [OPTIONAL EMPLOYER PARTIAL PAYMENT.] Payment is the obligation of the person entitled to purchase credit for the prior service. However, the current or former employer of a person specified in subdivisions 1 to 6 may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period of prior service applied to the actual salary rates in effect during the period 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 14**

**MISCELLANEOUS RETIREMENT PROVISIONS**

Section 1. Minnesota Statutes 1988, section 424A.02, subdivision 3, is amended to read:

**Subd. 3. [FLEXIBLE SERVICE PENSION MAXIMUMS.]** On or before August 1 of each year as part of the certification of the financial requirements and minimum municipal obligation made pursuant to section 69.772, subdivision 4, or 69.773, subdivision 5, the secretary or some other official of the relief association designated in the bylaws of each relief association shall calculate and certify to the governing body of the applicable qualified municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing shall include any amounts of fire state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available

revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated pursuant to sections 69.772, subdivision 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if any. The maximum service pension which the relief association may provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met shall be determined using the applicable following table.

For a relief association where the governing bylaws provide for a monthly service pension to a retiring member, if the average amount of available financing per active covered firefighter does not exceed the minimum average amount specified below, then the maximum monthly service pension amount per month for each year of service credited which may be provided for in the bylaws shall be the greater of: (1) the service pension amount provided for in the bylaws on the date of calculation; or (2) the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$ . . .	\$ .25
37	.50
75	1.00
112	1.50
149	2.00
186	2.50
224	3.00
261	3.50
298	4.00
336	4.50
373	5.00
447	6.00
522	7.00
597	8.00
671	9.00
746	10.00
820	11.00
895	12.00
969	13.00
1044	14.00
1119	15.00
1193	16.00
1268	17.00
1342	18.00
1417	19.00
1491	20.00
1566	21.00
1640	22.00
1678 <b>or more</b>	22.50
1715	23.00
1790	24.00
1865	25.00
1940	26.00

2015	27.00
2090	28.00
2165	29.00
2240 or more	30.00

For a relief association in which the governing bylaws provide for a lump sum service pension to a retiring member, if the average amount of available financing per active covered firefighter does not exceed the minimum average amount specified below, then the maximum lump sum service pension amount for each year of service credited which may be provided for in the bylaws shall be the greater of: (1) the service pension amount provided for in the bylaws on the date of the calculation; or (2) the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump Sum Service Pension Amount Payable for Each Year of Service
\$ . . .	\$10
10	20
14	30
20	40
24	50
28	60
38	80
48	100
58	120
68	140
76	160
86	180
96	200
116	240
134	280
154	320
172	360
192	400
212	440
230	480
250	520
268	560
288	600
308	640
326	680
346	720
364	760
384	800
432	900
480	1000
528	1100
576	1200
624	1300
672	1400
720	1500
768	1600
816	1700

864	1800
912	1900
960	2000
1008	2100
1056	2200
1104	2300
1152	2400
1200	2500
1248	2600
1296	2700
1344	2800
1392	2900
1440 or more	3000

For a relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump sum service pension at the option of the retiring member, the maximum service pension amount shall be determined using the applicable table contained in this subdivision.

**Sec. 2. [REPEAL OF REDUNDANT POSTRETIREMENT ADJUSTMENT.]**

*Subdivision 1. Laws 1989, chapter 335, article 1, section 50, is repealed.*

*Subd. 2. This section is effective retroactively to July 1, 1989.*

Sec. 3. Laws 1989, chapter 319, article 17, section 18, is amended to read:

**Sec. 18. [EFFECTIVE DATE.]**

Sections 1 to ~~17~~ 15 are effective July 1, 1989. *Sections 16 and 17 are effective May 16, 1989.*

**Sec. 4. [EFFECTIVE DATE.]**

*Sections 1 and 3 are effective on the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to retirement; various retirement plans; including gambling enforcement division officers in the membership of the state patrol retirement plan; requiring regular investment performance reporting from public pension plans; modifying various retirement provisions related to state university and community college faculty members; including certain state lottery employees in the unclassified state employees retirement programs; modifying economic interest statement requirements for certain pension plan fiduciaries; changing schedule for actuarial valuations for the Thief River Falls police pension trust fund; excluding certain interns from public employees retirement association membership; extending retirement coverage to certain former crime bureau employees; restoring forfeited service credit for certain former St. Paul bureau of health employees; authorizing the transfer of the Moose Lake volunteer firefighters relief association; authorizing additional college supplemental retirement plan designated beneficiaries; authorizing service credit for medical leave periods in teacher retirement plans; authorizing annuitization of certain teacher postretirement amounts; expanding coverage of a public employees defined contribution plan to include elected local government employees; transferring certain employer contributions from the teachers retirement association to

the individual retirement account plan for post-June 30, 1988, state university and community college faculty; modifying the Minnesota postretirement investment fund reserve transfer procedure; making certain administrative modifications in Minnesota state retirement system and in public employees retirement association laws; making certain technical corrections related to the 1989 benefit increase legislation; authorizing various purchases of credit for prior service; modifying the flexible service pension maximums for volunteer firefighters relief associations providing monthly service pensions; repealing a redundant postretirement adjustment provision; amending Minnesota Statutes 1988, sections 3A.03, subdivision 2; 11A.18, subdivision 6; 43A.34, subdivision 4; 136.81, by adding a subdivision; 352.01, subdivision 13; 352.029, subdivision 3; 352.03, subdivision 1; 352.115, subdivision 7; 352.73, by adding a subdivision; 352.96, subdivision 4; 352B.01, subdivision 2; 352B.11, subdivision 4; 352B.14, subdivision 4; 352C.09, subdivision 2; 352D.02, subdivision 1; 352D.05, subdivision 3; 353.01, subdivisions 7 and 16; 353.15, subdivision 2; 353.27, subdivisions 7 and 10; 353.46, subdivision 4; 353.657, subdivision 1; 353.83; 353D.01; 353D.02; 353D.03; 353D.04; 353D.05, subdivisions 1 and 3; 353D.06; 353D.07; 353D.08; 353D.09; 354.07, subdivision 4; 354.146, subdivision 1; 354.42, subdivisions 2 and 3; 354.46, subdivision 1; 354.52, subdivision 2; 354.55, subdivision 19; 354B.01, subdivisions 2 and 3; 356.302, subdivisions 3 and 4; 424A.02, subdivision 3; Minnesota Statutes 1989 Supplement, sections 136.81, subdivision 1; 136.82, subdivisions 1 and 2; 352.01, subdivisions 2b and 25; 352.021, subdivision 5; 352.031, subdivisions 2, 3, and by adding a subdivision; 352.115, subdivision 3; 352.116, subdivisions 1 and 1a, and by adding a subdivision; 352.93, subdivisions 2a and 3; 352B.08, subdivisions 2a and 3; 352B.11, subdivision 2; 353.01, subdivisions 2b, 11a, and 37; 353.29, subdivision 3; 353.30; 353.35; 353.651, subdivision 4; 353.656, subdivisions 1 and 3; 354.05; 354.071, subdivisions 2, 3, and by adding a subdivision; 354.44, subdivision 6; 354.45, subdivision 1a; 354.46, subdivision 2; 354.47, subdivision 1; 354.48, subdivision 3; 354.49, subdivisions 2 and 3; 354.50, subdivision 5; 354.55, subdivision 11; 354.65; 354.66, subdivision 2; 354A.011, subdivision 5a; 354A.095; 354A.31, subdivisions 4, 6, and 7; 354A.32, subdivisions 1 and 1a; 354B.02, subdivisions 2, 3, and by adding a subdivision; 354B.03, subdivisions 1 and 3; 354B.05, subdivision 3; 356.371, subdivision 3; 356.86, subdivisions 2, 4, 5, and 6; 356A.06, subdivision 4; Laws 1978, chapter 689, section 4, subdivision 2, as amended; Laws 1980, chapter 612, section 3, as amended; Laws 1989, chapter 319, articles 17, section 18; and 19, section 7, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 353D; 354; 354A; and 356; repealing Minnesota Statutes 1988, sections 11A.19, subdivisions 1 to 8; 136.81, subdivisions 2 and 3; 136.82, subdivisions 3 and 4; 136.83; 136.85; 354.05, subdivisions 23, 24, 33, and 34; 354.146, subdivision 2; 354.62, subdivisions 1, 3, 4, 5, and 6; Minnesota Statutes 1989 Supplement, sections 11A.19, subdivision 9; 136.82, subdivisions 1 and 2; 136.84; 353.87, subdivision 5; 354.44, subdivision 7; and 354.62, subdivisions 2 and 7; and Laws 1989, chapter 335, article 1, section 50."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Leo J. Reding, Bob Johnson, Jerry Knickerbocker, Rich O'Connor, Wayne Simoneau

Senate Conferees: (Signed) Donald M. Moe, Gene Waldorf, Earl W. Renneke, Steven Morse



Mr. Moe, D.M. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2103 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. 2103 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	Knutson	Moe, R.D.	Reichgott
Anderson	Davis	Laidig	Morse	Renneke
Beckman	Decker	Langseth	Novak	Schmitz
Belanger	DeCramer	Lantry	Olson	Spear
Benson	Dicklich	Larson	Pariseau	Storm
Berg	Flynn	Luther	Pehler	Stumpf
Berglin	Frederick	Marty	Peterson, R.W.	Vickerman
Bernhagen	Frederickson, D.J.	McGowan	Piepho	Waldorf
Bertram	Hughes	McQuaid	Piper	
Brandl	Johnson, D.E.	Metzen	Pogemiller	
Brataas	Knaak	Moe, D.M.	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. 2081, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2081 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 23, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2081

A bill for an act relating to state government; regulating certain employment practices; permitting the transfer of vacation and sick leave for certain gubernatorial appointees; permitting employees on permanent layoff to test into new state positions; authorizing the donation of the value accrued vacation leave to other state employees under certain circumstances; making technical changes in the public employees insurance program; eliminating the authority of the board of medical examiners and the board of dentistry to set the salaries of their executive directors; designating certain positions in the unclassified service; eliminating obsolete language; appropriating money; amending Minnesota Statutes 1988, sections 15A.081, subdivision 7b, and by adding a subdivision; 15A.083, subdivisions 5 and 7; 43A.04, subdivisions 1 and 3, and by adding a subdivision; 43A.10, subdivisions 7 and 8; 43A.12, subdivision 5; 43A.13, subdivisions 2, 3, 4, 5, 6, and

7; 43A.15, subdivision 10; 43A.17, subdivisions 1 and 8; 43.18, subdivisions 4 and 5; 43A.191, subdivisions 2 and 3; 43A.23, subdivision 1; 43A.27, subdivision 4; 43A.316, subdivisions 2, 3, 5, 7, and 8; 43A.37, subdivision 1; 176.421, by adding a subdivision; 176B.02; 237.51, subdivision 5; 473.405, subdivision 12; Minnesota Statutes 1989 Supplement, section 43A.08, subdivision 1; 43A.316, subdivisions 9 and 10; 214.04, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 43A; repealing Minnesota Statutes 1988, section 43A.081, subdivisions 1, 2, and 5.

April 20, 1990

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. 2081, 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. 2081 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, 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. 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 of the governor under section 15A.082, subdivision 3. *In deciding whether to recommend a salary increase, the governing board shall consider the performance of the chancellor or director, including the chancellor's or director's progress toward attaining affirmative action goals.*

Sec. 2. Minnesota Statutes 1988, section 15A.081, is amended by adding a subdivision to read:

Subd. 9. [TRANSFER OF VACATION AND SICK LEAVE; CERTAIN APPOINTEES.] *(a) This subdivision governs transfers of accumulated vacation leave and sick leave if the governor appoints the incumbent of a position listed in this section to another position listed in this section.*

*(b) An appointee moving between positions in the executive branch shall transfer all vacation leave and sick leave hours to the appointee's credit at the time of the new appointment.*

*(c) The governor may authorize an appointee to transfer accumulated vacation leave and sick leave hours under the following conditions:*

*(1) an appointee moving to a position in the executive branch from a*

*position outside the executive branch may be permitted to transfer no more than 275 hours of accumulated unliquidated vacation leave and no more than 900 hours of accumulated unliquidated sick leave; and*

*(2) an appointee moving to a position outside the executive branch from a position within the executive branch may be permitted to transfer accumulated unliquidated vacation leave and sick leave hours up to the maximum accumulations permitted by the personnel policies governing the new position.*

*The governor shall notify the commissioner of employee relations of any transfers authorized under this paragraph.*

Sec. 3. Minnesota Statutes 1988, section 15A.083, subdivision 5, is amended to read:

Subd. 5. [TAX COURT.] Salaries of judges of the tax court ~~shall be~~ are the same as the base salary for district judges as ~~provided in~~ set under section 15A.082, subdivision ~~+~~ 3.

Sec. 4. Minnesota Statutes 1988, section 15A.083, is amended by adding a subdivision to read:

*Subd. 6a. [ADMINISTRATIVE LAW JUDGE; MAXIMUM SALARY.] The maximum salary of an administrative law judge in the classified service employed by the office of administrative hearings is 90 percent of the salary of district court judges as set under section 15A.082, subdivision 3.*

Sec. 5. Minnesota Statutes 1988, 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~~ are the same as the salary for district judges as ~~provided in~~ set under section 15A.082, subdivision ~~+~~ 3. Salaries of compensation judges ~~shall be~~ are 75 percent of the salary of district court judges as ~~provided in~~ subdivision ~~+~~. 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. 6. Minnesota Statutes 1988, section 43A.04, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE LEADERSHIP.] (a) The commissioner ~~shall be~~ is the chief personnel and labor relations manager of the civil service in the executive branch.

~~(a)~~ Whenever any power or responsibility is given to the commissioner by any provision of Laws 1981, chapter 210, unless otherwise expressly provided, the power or authority ~~shall apply~~ applies to all employees of agencies in the executive branch and to employees in classified positions in the office of the legislative auditor, the Minnesota state retirement system, the public employees retirement association, and the teacher's retirement association. Unless otherwise provided by law, the power or authority ~~shall~~ does not apply to unclassified employees in the legislative and judicial branches.

(b) The commissioner shall operate an information system from which personnel data, as defined in section 13.43, concerning employees and applicants for positions in the classified service can be retrieved.

The commissioner ~~shall have~~ has access to all public and private personnel data kept by appointing authorities ~~which~~ that will aid in the discharge of the commissioner's duties.

(c) The commissioner may consider and investigate any matters concerned with the administration of provisions of Laws 1981, chapter 210, and may order any remedial actions consistent with law.

(d) *The commissioner has sole authority to settle state employee workers' compensation claims.*

(e) *The commissioner may assess all state entities for the costs of programs under sections 15.46 and 176.603.*

Sec. 7. Minnesota Statutes 1988, section 43A.04, subdivision 3, is amended to read:

Subd. 3. [RULES.] The commissioner shall ~~promulgate~~ *adopt* rules ~~pur-~~ ~~suant to~~ ~~under~~ the administrative procedure act to implement the provisions of this chapter ~~which~~ that directly affect the rights of or processes available to the general public. The rules ~~shall~~ have the force and effect of law and ~~shall~~ may include but are not limited to:

~~(a)~~ (1) the processes for determining the extent of competition for filling vacancies, for recruiting applicants, for conducting competitive open examinations, for ranking candidates and maintaining competitive open eligible lists, and for certification and appointment of eligibles from competitive open eligible lists;

~~(b)~~ (2) the process for effecting noncompetitive and qualifying appointments;

~~(c)~~ (3) the process for temporary designation of positions in the unclassified service and for effecting appointments to the unclassified service;

~~(d)~~ (4) a statewide affirmative action program to include requirements for agency affirmative action plans, statewide policies and procedures, reporting requirements, accountability and responsibility of employees in the executive branch, and overall objectives of the program;

~~(e)~~ (5) conditions under which moving and other expenses may be authorized and paid prior to appointment to persons who have accepted state employment;

~~(f)~~ (6) procedures for administration of the code of ethics for employees of the executive branch; ~~and~~

~~(g)~~ (7) examination procedures for candidates with ~~handicaps~~ *disabilities* as described in section 43A.10, subdivision 8-; and

(8) *procedures or policies that affect the operation of or participation in the public employees insurance program.*

Sec. 8. Minnesota Statutes 1988, section 43A.04, is amended by adding a subdivision to read:

Subd. 9. [EXPERIMENTAL OR RESEARCH PROJECTS.] *The commissioner of employee relations may conduct experimental or research*

*projects designed to improve recruitment, selection, referral, or appointment processes for the filling of state classified positions.*

*The commissioner shall meet and confer with the affected exclusive bargaining representative of state employees concerning the design and implementation of experimental and research projects under this subdivision.*

*Any provision in sections 43A.09 to 43A.15, associated personnel rules adopted under subdivision 3, or administrative procedures established under subdivision 4, is waived for the purposes of these projects. The number of appointments under this subdivision may not exceed five percent of the total number of appointments in the preceding fiscal year.*

*The commissioner shall report by September 1 to the legislative commission on employee relations the results of the experimental research projects conducted in the preceding fiscal year.*

Sec. 9. Minnesota Statutes 1989 Supplement, section 43A.08, subdivision 1, is amended to read:

Subdivision 1. [UNCLASSIFIED POSITIONS.] Unclassified positions are held by employees who are:

- (a) chosen by election or appointed to fill an elective office;
- (b) heads of agencies required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, bureaus, divisions, and institutions specifically established by law in the unclassified service;
- (c) deputy and assistant agency heads and one confidential secretary in the agencies listed in subdivision 1a;
- (d) the confidential secretary to each of the elective officers of this state and, for the secretary of state, state auditor, and state treasurer, an additional deputy, clerk, or employee;
- (e) intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;
- (f) employees in the offices of the governor and of the lieutenant governor and one confidential employee for the governor in the office of the adjutant general;
- (g) employees of the Washington, D.C., office of the state of Minnesota;
- (h) employees of the legislature and of legislative committees or commissions; provided that employees of the legislative audit commission, except for the legislative auditor, the deputy legislative auditors, and their confidential secretaries, shall be employees in the classified service;
- (i) presidents, vice-presidents, deans, other managers and professionals in academic and academic support programs, administrative or service faculty, teachers, research assistants, and student employees eligible under terms of the federal economic opportunity act work study program in the school and resource center for the arts, state universities and community colleges, but not the custodial, clerical, or maintenance employees, or any professional or managerial employee performing duties in connection with the business administration of these institutions;
- (j) officers and enlisted persons in the national guard;

(k) attorneys, legal assistants, examiners, and three confidential employees appointed by the attorney general or employed with the attorney general's authorization;

(l) judges and all employees of the judicial branch, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the department of labor and industry;

(m) members of the state patrol; provided that selection and appointment of state patrol troopers shall be made in accordance with applicable laws governing the classified service;

(n) chaplains employed by the state;

(o) examination monitors and intermittent training instructors employed by the departments of employee relations and commerce and by professional examining boards;

(p) student workers;

(q) one position in the hazardous substance notification and response activity in the department of public safety;

(r) employees unclassified pursuant to other statutory authority; ~~and~~

(s) intermittent help employee<sup>d</sup> by the commissioner of agriculture to perform duties relating to pesticides, fertilizer, and seed regulation; ~~and~~

(t) *the administrators and the deputy administrators at the state academies for the deaf and the blind.*

Sec. 10. Minnesota Statutes 1988, section 43A.10, subdivision 7, is amended to read:

Subd. 7. [EXAMINATION ACCOMMODATIONS.] Upon request, the commissioner shall provide examination accommodations to a candidate with a ~~handicap~~ disability that does not prevent performance of the duties of the class. The accommodations ~~shall~~ *must* provide an opportunity to fairly examine the ability of the candidate to perform the duties of the class notwithstanding the ~~handicap~~ disability but ~~shall~~ *must* preserve, to the extent feasible, the validity of the examination process and equitable comparison of examination scores with competitors without ~~handicaps~~ disabilities.

Sec. 11. Minnesota Statutes 1988, section 43A.10, subdivision 8, is amended to read:

Subd. 8. [ELIGIBILITY FOR QUALIFIED ~~HANDICAPPED DISABLED~~ EXAMINATIONS.] The commissioner shall establish examination procedures for candidates whose ~~handicaps~~ disabilities are of such a severe nature that the candidates are unable to demonstrate their abilities in competitive examination processes. The examination procedures ~~shall~~ *must* consist of up to 700 hours on-the-job trial work experience which will be in lieu of a competitive examination and for which the disabled person has the option of being paid or unpaid. Up to three persons with severe disabilities and their job coach ~~shall~~ *may* be allowed to demonstrate their job competence as a unit through the on-the-job trial work experience examination procedure. This work experience ~~shall~~ *must* be limited to candidates for appointment, promotion, or transfer who have a physical or mental impairment for which there is no reasonable accommodation in the examination process. Implementation of provisions of this subdivision ~~shall~~ *may* not be deemed a violation of other provisions of Laws 1981, chapter 210

or 363.

Sec. 12. Minnesota Statutes 1988, section 43A.12, subdivision 5, is amended to read:

Subd. 5. [~~QUALIFIED HANDICAPPED DISABLED~~ QUALIFIED HANDICAPPED DISABLED LISTS.] On qualified ~~handicapped disabled~~ lists eligibles ~~shall~~ must be ranked in alphabetical order.

Sec. 13. Minnesota Statutes 1988, section 43A.13, subdivision 2, is amended to read:

Subd. 2. [LAYOFF] If an agency has a layoff list for the class and employment conditions of the vacancy to be filled, the commissioner shall certify eligibles as provided in collective bargaining agreements, plans established ~~pursuant to~~ under section 43A.18, rules, or procedures implemented ~~pursuant to~~ under section 43A.04, subdivision 4.

*The commissioner, in accordance with collective bargaining agreements or plans established under section 43A.18, may also afford employees on permanent layoff from state service the opportunity to be tested for existing competitive open and promotional eligible lists for classes equal to or lower than those from which they are on layoff. Candidates tested under this procedure who obtain passing scores are eligible in accordance with the ranking and certification provisions of section 43A.12 and this section.*

Sec. 14. Minnesota Statutes 1988, section 43A.13, subdivision 3, is amended to read:

Subd. 3. [REEMPLOYMENT.] For positions to be filled by reemployment of a former employee, the commissioner may certify any eligible on the reemployment list for the class or approve direct reinstatement of a former classified employee within ~~three~~ four years of separation.

Sec. 15. Minnesota Statutes 1988, section 43A.13, subdivision 4, is amended to read:

Subd. 4. [COMPETITIVE OPEN.] (a) For positions to be filled by competitive open examination, the commissioner shall certify the first 20 eligibles on the list plus those eligibles having the same score as the 20th eligible certified.

*(b) When the position to be filled by competitive open examination is in a class for which the initially established eligible list contained the names of more than 200 eligibles and that list has existed for more than 12 months and been referred to more than ten vacancies, the commissioner shall certify the first 40 eligibles on the list plus those eligibles having the same score as the 40th eligible certified.*

Sec. 16. Minnesota Statutes 1988, section 43A.13, subdivision 5, is amended to read:

Subd. 5. [COMPETITIVE PROMOTIONAL.] For positions to be filled by competitive promotional examination *limited to employees of one or more agencies or organizational units*, the commissioner shall certify the first ten eligibles on the list plus those eligibles having the same score as the tenth eligible certified. *For positions to be filled by competitive promotional examination extended to all employees of the civil service, the commissioner shall certify the first 20 eligibles on the list, plus those eligibles having the same score as the 20th eligible certified.*

Sec. 17. Minnesota Statutes 1988, section 43A.13, subdivision 6, is amended to read:

Subd. 6. [~~QUALIFIED HANDICAPPED DISABLED.~~] For a position to be filled by qualified ~~handicapped disabled~~ examination, the commissioner shall certify only the one eligible who has successfully completed the examination processes provided in section 43A.10, subdivision 8 for the position.

Sec. 18. Minnesota Statutes 1988, section 43A.13, subdivision 7, is amended to read:

Subd. 7. [EXPANDED CERTIFICATION.] When the commissioner determines that a disparity as defined in rules exists between an agency's work force and its affirmative action plan approved in accordance with section 43A.19, the commissioner shall ensure to the extent possible that eligibles who are members of the protected groups for which the disparity exists are certified for appointment. When fewer than two eligibles of each protected group for which a disparity has been determined to exist would be certified under subdivisions 4 and 5, the commissioner shall certify two eligibles from each protected group for which a disparity exists *or four from each group for which a disparity exists if the number of names referred has been increased under subdivision 4, paragraph (b).* Implementation of this subdivision ~~shall~~ may not be deemed a violation of other provisions of Laws 1981, chapter 210 or 363.

Sec. 19. Minnesota Statutes 1988, section 43A.15, subdivision 10, is amended to read:

Subd. 10. [ROUTINE SERVICE AND ENTRY CLERICAL APPOINTMENTS.] The commissioner may authorize the administration of a qualifying selection process if a class is of a routine, service nature involving unskilled tasks, the performance of which cannot be directly related to qualifications beyond a minimum competency level. ~~Appointing authorities may consider any candidate found so qualified for probationary appointment to such a position.~~ *The commissioner may also authorize the administration of qualifying skill tests for entry level clerical positions as an alternative to certification from an eligible list as provided in section 43A.13.*

Sec. 20. Minnesota Statutes 1988, section 43A.17, subdivision 1, is amended to read:

Subdivision 1. [SALARY LIMITS.] As used in subdivisions 1 to & 9, "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 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 retains the salary, but may not receive 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. 21. Minnesota Statutes 1988, section 43A.17, subdivision 8, is amended to read:

Subd. 8. [ACCUMULATED VACATION LEAVE.] The commissioner of employee relations shall not agree to a collective bargaining agreement or recommend a compensation plan pursuant to section 43A.18, subdivisions 1, 2, 3, and 4, nor shall an arbitrator issue an award under sections 179A.01 to 179A.25, if the compensation plan, agreement, or award permits an employee to convert accumulated vacation leave into cash or ~~deferred compensation~~ before separation from state service.

This section does not prohibit the commissioner from negotiating a collective bargaining agreement or recommending approval of a compensation plan which permits an employee to receive payment for accumulated vacation leave upon beginning an unpaid leave of absence approved for more than one year in duration if the leave of absence is not for the purpose of accepting an unclassified position in state civil service.

Sec. 22. Minnesota Statutes 1988, section 43A.18, subdivision 4, is amended to read:

Subd. 4. [PLANS NOT ESTABLISHED BUT APPROVED BY COMMISSIONER.] Notwithstanding any other law to the contrary, total compensation for employees listed in this subdivision ~~shall~~ *must* be set by appointing authorities within the limits of compensation plans that have been approved by the commissioner before becoming effective. *Compensation plans established under paragraphs (b), (c), and (d) must be approved by the legislature and the legislative commission on employee relations under subdivision 2 before becoming effective.*

(a) Total compensation for employees who are not covered by a collective bargaining agreement in the offices of the governor, lieutenant governor, attorney general, secretary of state, state auditor, and state treasurer ~~shall~~ *must* be determined by the governor, lieutenant governor, attorney general, secretary of state, state auditor and state treasurer, respectively.

(b) Total compensation for unclassified positions pursuant to section 43A.08, subdivision 1, clause ~~(h)~~ (i), ~~in the higher education coordinating board, and in the state board of vocational technical education shall in the state universities and the community colleges not covered by a collective bargaining agreement must be determined by the state university board and the state board for community colleges, the higher education coordinating board, and the state board of vocational technical education,~~ respectively.

(c) Total compensation for classified administrative law judges in the office of administrative hearings ~~shall~~ *must* be determined by the chief administrative law judge.

(d) *Total compensation for unclassified positions not covered by a collective bargaining agreement in the higher education coordinating board and in the state board of vocational technical education must be determined by the higher education coordinating board and the state board of vocational technical education, respectively.*

Sec. 23. Minnesota Statutes 1988, section 43A.18, is amended by adding a subdivision to read:

*Subd. 4a. [COMPENSATION REPORTS.] On July 1 of each odd-numbered year the state agricultural society, the world trade center corporation board of directors, the greater Minnesota corporation board of directors, and the governing board of the Minnesota state high school league shall each submit a report to the legislative commission on employee relations on the total compensation plan for their employees.*

Sec. 24. Minnesota Statutes 1988, section 43A.18, subdivision 5, is amended to read:

Subd. 5. [GOVERNOR TO RECOMMEND CERTAIN SALARIES.] (a) The governor shall, 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)~~ (b) 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)~~ (c) In making recommendations, the governor shall consider ~~only~~ the criteria established in subdivision 8 and ~~may not take into account~~ the performance of individual incumbents. *The performance evaluation must include a review of an incumbent's progress toward attainment of affirmative action goals.* 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)~~ (d) Before the governor's recommended salaries take effect, the recommendations 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 must be submitted and approved in the same manner as provided in this subdivision.

~~(d)~~ (e) The governor shall set the initial salary of a head of a new agency or a chair of a new metropolitan board or commission whose salary is not specifically prescribed by law after consultation with the commissioner, whose recommendation is advisory only. 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)~~ (f) 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. 25. [43A.181] [UNREIMBURSED MEDICAL COSTS VACATION DONATION PROGRAM.]

*Subdivision 1. [DONATION OF VACATION TIME.] A state employee may donate up to eight hours of accrued vacation time in any fiscal year to the account established by subdivision 2 for the benefit of another state employee. The employee must notify the employee's agency head of the amount of accrued vacation time the employee wishes to donate and the name of the other state employee who is to benefit from the donation. The agency head shall determine the monetary value of the donated time, using the gross salary of the employee making the donation. The agency head shall transfer that amount, less deductions for applicable taxes and retirement contributions, to the account established by subdivision 2. A donation of accrued vacation time is irrevocable once its monetary value has been transferred to the account.*

*Subd. 2. [BENEFIT ACCOUNT.] The vacation benefit account, consisting of money transferred under subdivision 1, is administered by the commissioner of employee relations. Money in the account is appropriated to the commissioner for purposes of this section.*

*Subd. 3. [USE OF ACCOUNT ASSETS.] Expenditures from the account established by subdivision 2 may be made only to pay unreimbursed medical expenses when the total of those expenses is at least \$10,000 and the expenses are incurred because of the illness of or injury to a state employee or the employee's spouse or dependent. Any money remaining after all of the unreimbursed medical expenses incurred by the employee named to benefit from a donation have been paid may be transferred to a general pool. The commissioner may use the pool to pay unreimbursed medical expenses for another state employee named to benefit from donated vacation time but whose unreimbursed expenses exceed the monetary value of the donated time.*

Sec. 26. Minnesota Statutes 1988, section 43A.191, subdivision 2, is amended to read:

Subd. 2. [AGENCY AFFIRMATIVE ACTION PLANS.] (a) The head of each agency in the executive branch shall prepare and implement an agency affirmative action plan consistent with this section and rules issued under section 43A.04, subdivision 3.

(b) The agency plan must include a plan for the provision of reasonable accommodation in the hiring and promotion of qualified ~~handicapped~~ disabled persons. The reasonable accommodation plan ~~shall~~ must consist of at least the following:

(1) procedures for compliance with section 363.03 and, where appropriate, regulations implementing United States Code, title 29, section 794, as amended through December 31, 1984, which is section 504 of the Rehabilitation Act of 1973, as amended;

(2) methods and procedures for providing reasonable accommodation for ~~handicapped~~ disabled job applicants, current employees, and employees seeking promotion; and

(3) provisions for funding reasonable accommodations.

(c) The agency plan must be prepared by the agency head with the assistance of the agency affirmative action officer and the director of equal employment opportunity. The council on disability shall provide assistance with the agency reasonable accommodation plan.

(d) An agency affirmative action plan may not be implemented without

the commissioner's approval.

Sec. 27. Minnesota Statutes 1988, 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 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, 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, *subdivisions 3 to 13*, 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.

(d) The commissioner shall establish a program to recognize agencies that have made significant and measurable progress toward achieving affirmative action objectives.

Sec. 28. Minnesota Statutes 1988, 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. *Contracts entered into with carriers are not subject to the requirements of sections 16B.189 to 16B.22.* 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 must be bid or negotiated separately from contracts to service the benefit plans, which 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 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. 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. A carrier licensed under chapter 62A is exempt from the tax imposed by section 60A.15 on premiums paid to it by the state.

Sec. 29. Minnesota Statutes 1988, section 43A.27, subdivision 4, is amended to read:

Subd. 4. [RETIRED JUDGES; FORMER LEGISLATORS.] A ~~(a)~~ Retired judge ~~judges~~ or a former legislator ~~legislators~~ may elect to purchase coverage for themselves or their dependents at their own expense as provided ~~below~~ in paragraphs (b) and (c).

~~(a)~~ (b) A retired judge of the state supreme court, the court of appeals, a district court, a county court, a county municipal court, or a probate court may elect to purchase coverage provided persons listed in section 43A.24, subdivision 2, clause (c); ~~provided that the retired judge exercises this option within 30 days of the effective date of retirement; or. The commissioner shall notify judges no later than the effective date of their retirement of their right to exercise the option provided in this subdivision. A retired judge must notify the commissioner or designee of the commissioner within 30 days after the effective date of retirement if the judge intends to exercise the option.~~

~~(b)~~ (c) A former member of the legislature may elect to purchase coverage provided persons listed in section 43A.24, subdivision 2, clause (a).

Sec. 30. Minnesota Statutes 1988, 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) *an elected public official of an eligible employer who is insurance eligible; or*

(3) a person employed by a labor organization or employee association certified as an exclusive representative of employees of an eligible employer or by another public employer approved by the commissioner, *so long as the plan meets the requirements of a governmental plan under United States Code, title 29, section 1002(32).*

(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. 31. Minnesota Statutes 1988, section 43A.316, subdivision 3, is amended to read:

Subd. 3. [PUBLIC EMPLOYEE INSURANCE PLAN.] ~~There is created the "public employee insurance plan."~~ The commissioner shall be the administrator of the *public employee insurance plan and may determine its funding arrangements.* The commissioner shall model the plan after the plan established in section 43A.18, subdivision 2, but may modify that plan, in consultation with the labor-management committee.

Sec. 32. Minnesota Statutes 1988, section 43A.316, subdivision 5, is amended to read:

Subd. 5. [PUBLIC EMPLOYEE PARTICIPATION.] (a) Participation in the plan is subject to the conditions in this subdivision.

~~(a)~~ (b) Each exclusive representative for an eligible employer determines whether the employees it represents ~~shall~~ *will* participate in the plan. The exclusive representative ~~must~~ *shall* give the employer notice of intent to participate at least 90 days before the expiration date of the collective bargaining agreement preceding the collective bargaining agreement that covers the date of entry into the plan. The exclusive representative and the eligible employer shall give notice to the commissioner of the determination to participate in the plan at least 90 days ~~prior to~~ *before* entry into the plan. Entry into the plan ~~shall be according to~~ *is governed by* a schedule established by the commissioner.

~~(b)~~ (c) Employees not represented by exclusive representatives may become members of the plan upon a determination of an eligible employer to include these employees in the plan. Either all or none of the employer's unrepresented employees must participate. The eligible employer shall give at least 90 days' notice to the commissioner ~~prior to~~ *before* entering the plan. Entry into the plan ~~shall be according to~~ *is governed by* a schedule established by the commissioner.

~~(e)~~ (d) Participation in the plan ~~shall be~~ *is* for a ~~three-year~~ *two-year* term if coverage begins in an even-numbered year and a ~~four-year~~ term if coverage begins in an odd-numbered year. Participation is automatically renewed for an additional ~~four-year~~ *two-year* term unless the exclusive representative, or the employer for unrepresented employees, gives the commissioner notice of withdrawal at least 90 days ~~prior to~~ *before* expiration of the participation period. A group that withdraws must wait two years before rejoining. An exclusive representative, or employer for unrepresented employees, may also withdraw if premiums increase 50 percent or more

from one insurance year to the next.

~~(d)~~ (e) The exclusive representative shall give the employer notice of intent to withdraw to the commissioner at least 90 days before the expiration date of a collective bargaining agreement that includes the date on which the term of participation expires.

(e) (f) Each participating eligible employer shall notify the commissioner of names of individuals who will be participating within two weeks of the commissioner receiving notice of the parties' intent to participate. The employer ~~must~~ shall also submit other information as required by the commissioner for administration of the plan.

Sec. 33. Minnesota Statutes 1988, section 43A.316, subdivision 7, is amended to read:

Subd. 7. [PREMIUMS.] The proportion of premium paid by the employer and employee is subject to collective bargaining *or personnel policies*. If, at the beginning of the coverage period, no collective bargaining agreement has been finalized, the increased dollar costs, if any, from the previous year is the sole responsibility of the individual participant until a collective bargaining agreement states otherwise. Premiums, including an administration fee, shall be established by the commissioner. Each eligible employer shall pay monthly the amounts due for employee benefits including the amounts under subdivision 8 to the commissioner ~~on or before no later than~~ the dates established by the commissioner. ~~Failure to pay may result in cancellation of the~~ *If an employer fails to make the payments as required, the commissioner may cancel plan benefits and pursue other civil remedies.*

Sec. 34. Minnesota Statutes 1988, 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 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 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, 353C, 354, 354A, 356, 422A, 423, 423A, *or* 424, ~~or 490~~ is eligible to continue participation in the plan. 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. 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.

~~(e)~~ (b) The spouse of a deceased, active, or retired employee may purchase

the benefits provided at premiums established by the commissioner if the spouse was a dependent under the active or retired employee's coverage under this section at the time of the death. These participants are eligible to participate as long as the group which included their spouse participates. Coverage under this clause must be coordinated with relevant insurance benefits provided through the federally sponsored Medicare program.

(d) (c) The plan benefits 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.

(e) (d) A person who desires to participate under paragraphs (a) to (d) (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 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. 35. Minnesota Statutes 1989 Supplement, section 43A.316, subdivision 9, is amended to read:

Subd. 9. [INSURANCE TRUST FUND.] ~~An~~ *The insurance trust fund is established in the state treasury. The consists of deposits consist of the premiums received from employers participating in the plan and transfers from the public employees insurance reserve holding account established by section 353.65, subdivision 7. All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other related service costs. Premiums are exempt from the tax imposed by sections 60A.15 and 60A.198. The commissioner shall reserve an amount of money to cover the estimated costs of claims incurred but unpaid. The state board of investment shall invest the money according to section 11A.24. Investment income and losses attributable to the fund shall must be credited to the fund.*

Sec. 36. Minnesota Statutes 1989 Supplement, section 43A.316, subdivision 10, is amended to read:

Subd. 10. [BIDDING REQUIREMENT EXEMPTION.] *The public employee insurance plan is and, where applicable, the employers participating in it are exempt from chapter 62H, section 471.617, subdivisions 2 and 3, and the bidding requirements imposed by of section 471.6161.*

Sec. 37. Minnesota Statutes 1988, section 43A.37, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATION.] *Neither the commissioner of finance nor any other fiscal officer of this state shall may draw, sign, or issue, or authorize the drawing, signing, or issuing of any warrant on the treasurer or other disbursing officer of the state, nor shall may the treasurer or other disbursing officer of the state pay any salary or compensation to any person in the civil service, unless a payroll register for the salary or compensation containing the name of every person to be paid shall bear bears the certificate of the commissioner that the persons named in the payroll register have been appointed, as required by law, rules, or administrative procedures and that the salary or compensation is within the compensation plan fixed pursuant to by law. The appointing authority shall certify that all employees named in the payroll register are performing service as required by law.*



This provision ~~shall~~ does not apply to positions defined in section 43A.08, subdivision 1, clauses ~~(g)~~, (h), (i), (j), and ~~(k)~~ (l). Employees to whom this subdivision does not apply may be paid on the state's payroll system, and the appointing authority or fiscal officer submitting their payroll register ~~shall be~~ is responsible for the accuracy and legality of the payments.

Salary or compensation claims presented against existing appropriations, which have been deemed in violation of the provisions of this subdivision, may be certified for payment if, upon investigation, the commissioner determines the personal services for which payment is claimed actually have been rendered in good faith without collusion and without intent to defraud.

Sec. 38. Minnesota Statutes 1988, section 176.421, is amended by adding a subdivision to read:

*Subd. 6a. [TIME LIMIT FOR DECISION.] The court shall issue a decision in each case within 90 days after certification of the record to the court by the chief administrative law judge, the filing of a cross-appeal, oral argument, or a final submission of briefs or memoranda by the parties, whichever is latest. No part of the salary of a workers' compensation court of appeals judge may be paid unless the judge, upon accepting the payment, certifies that decisions in cases in which the judge has participated have been issued within the time limits prescribed by this subdivision.*

Sec. 39. Minnesota Statutes 1988, section 176B.02, is amended to read: 176B.02 [PEACE OFFICERS BENEFIT FUND.]

~~There is hereby created in~~ *The peace officers benefit fund is an account in the state treasury an account to be known as peace officers benefit fund. Funds in the peace officers benefit fund shall consist consisting of money appropriated to that fund. The administrator of the fund is the commissioner of employee relations public safety, who shall follow the procedures specified in section 176.541, subdivisions 2, 3, and 4.*

Sec. 40. Minnesota Statutes 1989 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. The board of dentistry shall set the salary of its executive director, which may not exceed 80 percent of the top of the salary range set for the commissioner of health in section 15A.081, subdivision 1. The board shall submit 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 are hired by those boards and 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 full-time executive secretaries may employ 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, 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. 41. Minnesota Statutes 1988, section 237.51, subdivision 5, is amended to read:

Subd. 5. [DUTIES.] In addition to any duties specified elsewhere in sections 237.51 to 237.56, the board shall:

- (1) define economic hardship, special needs, and household criteria so as to determine the priority of eligible applicants for initial distribution of devices and to determine circumstances necessitating provision of more than one communication device per household;
- (2) establish a method to verify eligibility requirements;
- (3) establish specifications for communication devices to be purchased under section 237.53, subdivision 3;
- (4) enter contracts for the establishment and operation of the message relay service pursuant to section 237.54;
- (5) inform the public and specifically the community of communication-impaired persons of the program;
- (6) prepare the reports required by section 237.55;
- (7) administer the fund created in section 237.52;

(8) retain the services of a program administrator *whose position is in the unclassified service*;

(9) adopt rules, including emergency rules, under chapter 14 to implement the provisions of sections 237.50 to 237.56; and

(10) study the potential economic impact of the program on local communication device retailers and dispensers. Notwithstanding any provision of chapter 16B, the board shall develop guidelines for the purchase of some communication devices from local retailers and dispensers if the study determines that otherwise they will be economically harmed by implementation of sections 237.50 to 237.56.

Sec. 42. Minnesota Statutes 1988, section 268.0121, subdivision 3, is amended to read:

Subd. 3. [UNCLASSIFIED POSITIONS.] The commissioner may establish positions in the unclassified service in accordance with section 43A.08. The commissioner may appoint and define the duties of other subordinate officers and employees as the commissioner deems necessary to discharge the functions of the department.

*The commissioner may establish the position of director of the state job training office in the unclassified service.*

Sec. 43. Minnesota Statutes 1988, section 473.405, subdivision 12, is amended to read:

Subd. 12. [MANAGEMENT CONTRACTS.] Notwithstanding any of the other provisions of sections 473.404 to 473.449, the commission may, in lieu of directly operating any public transit system or any part thereof, enter into contracts for management services. The contracts may provide for compensation, incentive fees, the employment of personnel, the services provided, and other terms and conditions that the commission deems proper. *The contracts must provide that the compensation of personnel who work full time or substantially full time providing management or other services for the commission is public data under chapter 13.*

The commission may not permit a contract manager to supervise or manage internal audit activities. Internal audit activity must be supervised and managed directly by the commission. The commission shall advertise for bids and select contracts for management services through competitive bidding. The term of the contract may not be longer than two years. The contract must include clear operating objectives, stating the service policies and goals of the commission in terms of the movement of various passenger groups, and performance criteria, by means of which success in achieving the operating objectives can be measured. The commission shall consider and determine the feasibility and desirability of having all its transit management services provided internally by employees of the commission.

The employees of any public transit system operated pursuant to the provisions of this subdivision for the purpose of resolving any dispute arising under any existing or new collective bargaining agreement relating to the terms or conditions of their employment, may either engage in a concerted refusal to work or to invoke the processes of final and binding arbitration as provided by chapter 572, subject to any applicable provisions of the agreement not inconsistent with law.

Sec. 44. Minnesota Statutes 1988, section 487.13, is amended to read:

## 487.13 [BUDGET.]

The county board by resolution shall provide the budget for (1) the salaries of deputies, clerks and other employees in the office of the court administrator of county court; (2) other expenses necessary in the performance of the duties of said office and (3) the payment of premiums of any bonds required of the court administrator of county court or any deputy, clerk or employee in said office and the board is authorized to appropriate funds therefor and for the salary of the court administrator of county court. ~~Appeal from this resolution of the county board may be made in the manner prescribed in section 485.018, subdivision 7.~~

## Sec. 45. [RATIFICATIONS.]

*Subdivision 1. [COUNCIL 6.] The labor agreement between the state of Minnesota and the American Federation of State, County and Municipal Employees, Council 6, approved by the legislative commission on employee relations on July 26, 1989, is ratified.*

*Subd. 2. [PROFESSIONAL EMPLOYEES.] The labor agreement between the state of Minnesota and the Minnesota Association of Professional Employees, approved by the legislative commission on employee relations on September 6, 1989, is ratified.*

*Subd. 3. [SPECIAL TEACHERS.] The labor agreement between the state of Minnesota and the State Residential Schools Education Association, approved by the legislative commission on employee relations on September 6, 1989, is ratified.*

*Subd. 4. [LAW ENFORCEMENT.] The labor agreement between the state of Minnesota and the Bureau of Criminal Apprehension Agents' Association, Minnesota Conservation Officers' Association, and the Minnesota State Patrol Officers' Association, approved by the legislative commission on employee relations on September 6, 1989, is ratified.*

*Subd. 5. [MIDDLE MANAGERS.] The labor agreement between the state of Minnesota and the Middle Management Association, approved by the legislative commission on employee relations on September 6, 1989, is ratified.*

*Subd. 6. [ENGINEERS.] The labor agreement between the state of Minnesota and the Minnesota Government Engineers Council, approved by the legislative commission on employee relations on September 6, 1989, is ratified.*

*Subd. 7. [COMMUNITY COLLEGE FACULTY.] The labor agreement between the state of Minnesota and the Minnesota Community College Faculty Association, approved by the legislative commission on employee relations on November 7, 1989, is ratified.*

*Subd. 8. [NURSES.] The labor agreement between the state of Minnesota and the Minnesota Nurses Association, approved by the legislative commission on employee relations on December 18, 1989, is ratified.*

*Subd. 9. [STATE UNIVERSITY FACULTY.] The labor agreement between the state of Minnesota and the State University Inter-Faculty Organization, approved by the legislative commission on employee relations on December 18, 1989, is ratified.*

*Subd. 10. [STATE UNIVERSITY ADMINISTRATORS.] The labor*

*agreement between the state of Minnesota and the State University Administrative Unit, approved by the legislative commission on employee relations on December 18, 1989, is ratified.*

*Subd. 11. [MANAGERIAL PLANS.] The commissioner of employee relations' plan for managerial employees, approved by the legislative commission on employee relations on September 6, 1989, is ratified.*

*Subd. 12. [COMMISSIONER'S PLAN.] The commissioner of employee relations' plan for unrepresented employees, approved by the legislative commission on employee relations on September 6, 1989, is ratified.*

*Subd. 13. [AGENCY HEADS.] The salary plan for positions listed in Minnesota Statutes, section 15A.081, approved by the legislative commission on employee relations on November 7, 1989, is ratified.*

*Subd. 14. [BOARD OF MEDICAL EXAMINERS.] The salary for the executive director of the board of medical examiners, approved by the legislative commission on employee relations on July 26, 1989, is ratified.*

*Subd. 15. [CHANCELLOR, STATE UNIVERSITY SYSTEM.] The salary for the chancellor of the Minnesota state university system, approved by the legislative commission on employee relations on December 18, 1989, is ratified.*

*Subd. 16. [CHANCELLOR, COMMUNITY COLLEGE SYSTEM.] The salary for the chancellor of the Minnesota community college system, approved by the legislative commission on employee relations on December 18, 1989, is ratified.*

*Subd. 17. [DIRECTOR, HIGHER EDUCATION COORDINATING BOARD.] The salary for the executive director of the Minnesota higher education coordinating board, approved by the legislative commission on employee relations on January 23, 1990, is ratified.*

*Subd. 18. [BOARD OF DENTISTRY.] The salary for the executive director of the board of dentistry, approved by the legislative commission on employee relations on January 23, 1990, is ratified.*

#### Sec. 46. [INTERIM APPROVAL.]

*After adjournment of the 1990 session but before the 1991 session of the legislature, the legislative commission on employee relations may give interim approval to any negotiated agreement, arbitration award, or compensation or salary plan submitted to it under other law. The commission shall submit the agreement, award, or plan to the entire legislature for ratification in the same manner and with the same effect as provided for agreements, awards, and plans submitted after adjournment of the legislature in an odd-numbered year.*

#### Sec. 47. [RETIRED JUDGES; OPTION TO PURCHASE INSURANCE.]

*The following judges may exercise the option provided in section 29 within 30 days after the effective date of that section:*

*(1) judges who retired before July 1, 1981; and*

*(2) judges who retired after July 1, 1981, but who were not notified of the option available under Minnesota Statutes, section 43A.27, subdivision 4.*

#### Sec. 48. [APPLICABILITY.]

*Section 43 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.*

**Sec. 49. [REPEALER.]**

*Minnesota Statutes 1988, section 43A.081, subdivisions 1, 2, and 5; and Minnesota Statutes 1989 Supplement, section 485.018, subdivision 7, are repealed.*

**Sec. 50. [EFFECTIVE DATES.]**

*Sections 1, 3, 4, 5, 20, 24, and 28 are effective July 1, 1990. Sections 8, 14, 15, 16, 18, 19, 29, 42, 45, 46, and 47 are effective the day following final enactment. Section 2 is effective the day following final enactment and applies to appointments made after June 30, 1989. Section 38 is effective August 1, 1991. Section 22 applies only to changes in compensation plans under that section after its effective date."*

Delete the title and insert:

"A bill for an act relating to state government; regulating state employment practices; regulating the setting of certain salaries; ratifying certain salaries; amending Minnesota Statutes 1988, sections 15A.081, subdivision 7b, and by adding a subdivision; 15A.083, subdivisions 5, 7, and by adding a subdivision; 43A.04, subdivisions 1, 3, and by adding a subdivision; 43A.10, subdivisions 7 and 8; 43A.12, subdivision 5; 43A.13, subdivisions 2, 3, 4, 5, 6, and 7; 43A.15, subdivision 10; 43A.17, subdivisions 1 and 8; 43A.18, subdivisions 4 and 5, and by adding a subdivision; 43A.191, subdivisions 2 and 3; 43A.23, subdivision 1; 43A.27, subdivision 4; 43A.316, subdivisions 2, 3, 5, 7, and 8; 43A.37, subdivision 1; 176.421, by adding a subdivision; 176B.02; 237.51, subdivision 5; 268.0121, subdivision 3; 473.405, subdivision 12; and 487.13; Minnesota Statutes 1989 Supplement, sections 43A.08, subdivision 1; 43A.316, subdivisions 9 and 10; and 214.04, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 43A; repealing Minnesota Statutes 1988, section 43A.081, subdivisions 1, 2, and 5; and Minnesota Statutes 1989 Supplement, section 485.018, subdivision 7."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Leo J. Reding, Tom Rukavina, James I. Rice, Harold Lasley, Bob Haukoos

Senate Conferees: (Signed) Donald M. Moe, Steven Morse, John J. Marty, Pat Pariseau, Dennis R. Frederickson

Mr. Moe, D.M. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2081 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. 2081 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	Knutson	Morse	Renneke
Anderson	Davis	Laidig	Novak	Schmitz
Beckman	Decker	Langseth	Olson	Spear
Belanger	DeCramer	Lantry	Pariseau	Storm
Benson	Dicklich	Larson	Pehler	Stumpf
Berg	Flynn	Marty	Peterson, R. W.	Vickerman
Berglin	Frederick	McGowan	Piepho	Waldorf
Bernhagen	Frederickson, D.J.	McQuaid	Piper	
Bertram	Hughes	Metzen	Pogemiller	
Brandl	Johnson, D.E.	Moe, D.M.	Ramstad	
Brataas	Knaak	Moe, R.D.	Reichgott	

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. 2162, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2162 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 23, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2162

A bill for an act relating to the operation of state government; changing certain procedures and limits for contracts with the state; establishing an advisory task force; authorizing reimbursement of certain expenses; changing certain vehicle marking and color provisions; clarifying certain transfer authority; amending Minnesota Statutes 1988, sections 16B.09, by adding a subdivision; 16B.17, subdivisions 3 and 4; 16B.24, subdivision 10; 16B.41, subdivision 4; 16B.58, subdivision 7; and Minnesota Statutes 1989 Supplement, sections 16B.28, subdivision 3; 16B.54, subdivision 2; and 40.46, subdivision 1.

April 18, 1990

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. 2162, 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. 2162 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 16B.09, subdivision 5, is amended to read:

Subd. 5. [COOPERATIVE AGREEMENTS PURCHASING REVOLVING FUND.] *The cooperative purchasing revolving fund is a separate account in the state treasury. The commissioner may charge a fee to cover the commissioner's administrative expenses to government units that have joint or cooperative purchasing agreements with the state under section 471.59. The fees collected must be deposited in the revolving fund established by this subdivision. Money in the fund is appropriated to the commissioner to administer the programs and services covered by this section.*

Sec. 2. Minnesota Statutes 1988, section 16B.17, subdivision 3, is amended to read:

Subd. 3. [DUTIES OF CONTRACTING AGENCY.] Before an agency may seek approval of a consultant or professional and technical services contract valued in excess of ~~\$2,000~~ \$5,000, it must certify to the commissioner that:

(1) no state employee is able to perform the services called for by the contract;

(2) the normal competitive bidding mechanisms will not provide for adequate performance of the services;

(3) the services are not available as a product of a prior consultant or professional and technical services contract, and the contractor has certified that the product of the services will be original in character;

(4) reasonable efforts were made to publicize the availability of the contract;

(5) the agency has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract; and

(6) the agency has developed, and fully intends to implement, a written plan providing for the assignment of specific agency personnel to a monitoring and liaison function; the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services.

Sec. 3. Minnesota Statutes 1988, section 16B.17, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] ~~After completion of performance under a consultant or professional and technical services contract, the agency shall evaluate the performance under the contract and the utility of the final product. This evaluation must be delivered to the commissioner, who shall retain all the evaluations for future reference.~~ The commissioner shall submit to the governor and the legislature a monthly listing of all contracts for consultant services and for professional and technical services executed or disapproved in the preceding month. The report must identify the parties and the contract amount, duration, and tasks to be performed. The commissioner shall also issue quarterly reports summarizing the contract review activities of the department during the preceding quarter.

Sec. 4. Minnesota Statutes 1988, section 16B.24, subdivision 5, is amended to read:

Subd. 5. [RENTING OUT STATE PROPERTY.] (a) [AUTHORITY.] The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a



time without the approval of the state executive council and may never be rented out for more than 25 years. *A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.*

(b) [RESTRICTIONS.] Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the department of natural resources, lands forfeited for delinquent taxes, lands acquired under section 298.22, or lands acquired under section 41.56 which are under the jurisdiction of the department of agriculture.

(c) [FORT SNELLING CHAPEL; RENTAL.] The Fort Snelling Chapel, located within the boundaries of Fort Snelling State Park, is available for use only on payment of a rental fee. The commissioner shall establish rental fees for both public and private use. The rental fee for private use by an organization or individual must reflect the reasonable value of equivalent rental space. Rental fees collected under this section must be deposited in the general fund.

(d) [RENTAL OF LIVING ACCOMMODATIONS.] The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant to this paragraph must be deposited in the state treasury and credited to the general fund.

(e) [LEASE OF SPACE IN CERTAIN STATE BUILDINGS TO STATE AGENCIES.] The commissioner may lease portions of the state owned buildings in the capitol complex, the capitol square building, the health building, and the building at 1246 University Avenue, St. Paul, Minnesota, to state agencies and charge rent on the basis of space occupied. Notwithstanding any law to the contrary, all money collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the depreciation cost of a building built with state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund.

Sec. 5. Minnesota Statutes 1988, section 16B.24, subdivision 10, is amended to read:

Subd. 10. [~~CHILD CARE SERVICES~~ CARE/WORK-PLACE SCHOOL 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 or for a workplace school. ~~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 sites~~ as a common usage space for the capitol complex.

Sec. 6. Minnesota Statutes 1989 Supplement, section 16B.28, subdivision 3, is amended to read:

Subd. 3. [REVOLVING FUND.] (a) [CREATION.] 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, and 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 471.59~~ must be deposited in the fund. Money paid into the materials distribution revolving fund is appropriated to the commissioner for the purposes of the programs and services referred to in this section.

(b) [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 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.

(c) [TRANSFER OR SALE TO OTHER 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 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 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. 7. Minnesota Statutes 1988, section 16B.41, subdivision 4, is amended to read:

Subd. 4. [ADVISORY TASK FORCE.] The commissioner must appoint a state information systems advisory task force to help develop and coordinate a state information architecture that is consistent with the information management direction developed by the information policy council, and make recommendations to the commissioner concerning the progress, direction, and needs of the state's information systems. The task force must include representatives of state agencies, the supreme court, higher education systems, librarians, *local government*, and private industry. The task force must also have two members of the house of representatives appointed by the speaker of the house and two members of the senate appointed by the senate committee on committees. No more than one member from the house of representatives and one from the senate shall be chosen from the same political party. ~~The task force expires and the terms, compensation, and removal of nonlegislative members are as provided in section 15.059, but the task force does not expire until June 30, 1993.~~

Sec. 8. Minnesota Statutes 1989 Supplement, section 16B.54, subdivision 2, is amended to read:

Subd. 2. [VEHICLES.] (a) [ACQUISITION FROM AGENCY; APPROPRIATION.] The commissioner may direct an agency to make a transfer of a passenger motor vehicle or truck presently assigned to it. The transfer must be made to the commissioner for use in the central motor pool. The commissioner shall reimburse an agency whose motor vehicles have been

paid for with funds dedicated by the constitution for a special purpose and which are assigned to the central motor pool. The amount of reimbursement for a motor vehicle is its average wholesale price as determined from the midwest edition of the national automobile dealers association official used car guide.

(b) [PURCHASE.] To the extent that funds are available for the purpose, the commissioner may purchase or otherwise acquire additional passenger motor vehicles and trucks necessary for the central motor pool. The title to all motor vehicles assigned to or purchased or acquired for the central motor pool is in the name of the department of administration.

(c) [TRANSFER AT AGENCY REQUEST.] On the request of an agency, the commissioner may transfer to the central motor pool any passenger motor vehicle or truck for the purpose of disposing of it. The department or agency transferring the vehicle or truck shall be paid for it from the motor pool revolving account established by this section in an amount equal to two-thirds of the average wholesale price of the vehicle or truck as determined from the midwest edition of the National Automobile Dealers Association official used car guide.

(d) [VEHICLES; MARKING.] The commissioner shall provide for the uniform marking of all motor vehicles. Motor vehicle colors must be selected from the regular color chart provided by the manufacturer each year. The commissioner may further provide ~~by rule~~ for the use of motor vehicles without ~~uniform coloring or marking~~ by the governor, the lieutenant governor, the division of criminal apprehension, division of gambling enforcement, arson investigators of the division of fire marshal in the department of public safety, financial institutions division of the department of commerce, division of state lottery in the department of gaming, *criminal investigators of the department of revenue, state-owned community service facilities in the department of human services*, and the office of the attorney general.

Sec. 9. Minnesota Statutes 1988, section 16B.58, subdivision 7, is amended to read:

Subd. 7. [SURCHARGE FOR VEHICLES OCCUPIED BY ONE PERSON.] The commissioner shall impose a surcharge of 25 percent for vehicles occupied by only one person parking in a state parking facility in the capitol area, as described by section 15.50, subdivision 2. The revenue from this additional charge shall be placed by the commissioner in a special account. For the benefit of employees employed in the capitol area, the money in the account is appropriated to the commissioner and shall be used by the commissioner in the following order of priority: (1) to acquire or lease commuter vans pursuant to section 16B.56; (2) within limits and upon conditions the commissioner determines to be necessary, to reimburse state agencies for *all* costs resulting from agreements with the metropolitan transit commission or other operators pursuant to section 473.409, *including costs related to employees employed outside the capitol area*; and (3) to be used for maintaining and improving parking lots or facilities owned or operated by the state. The commissioner may adopt rules necessary to administer the provisions of this subdivision, subdivision 5, and section 473.409. The rules may exempt from the surcharge vehicles operated by persons whom the commissioner determines have job requirements that make car pooling impractical.

Sec. 10. Minnesota Statutes 1988, section 16B.60, is amended by adding

a subdivision to read:

*Subd. 9. [HISTORIC BUILDING.] "Historic building" means a state-owned building that is on the national register of historic places.*

Sec. 11. Minnesota Statutes 1988, section 16B.60, is amended by adding a subdivision to read:

*Subd. 10. [EQUIVALENT PROTECTION.] "Equivalent protection" means a measure other than a code requirement that provides essentially the same protection that would be provided by a code requirement.*

Sec. 12. [16B.625] [EXEMPTIONS.]

*The commissioner may exempt a part of a historic building occupied by the state from the state or another building, fire, safety, or other code if the exemption is necessary to preserve the historic or esthetic character of the building or to prevent theft, vandalism, terrorism, or another crime. When the commissioner grants an exemption, the commissioner shall consider providing equivalent protection. A certificate of occupancy may not be denied because of an exemption under this section.*

Sec. 13. Minnesota Statutes 1989 Supplement, section 40.46, subdivision 1, is amended to read:

Subdivision 1. [RESERVATION OF MARGINAL LAND AND WETLANDS.] (a) Notwithstanding any other law, marginal land and wetlands are withdrawn from sale by the state unless use of the marginal land or wetland is restricted by a conservation easement as provided in this section.

(b) This section does not apply to transfers of land by the board of water and soil resources to correct errors in legal descriptions under section 40.43, subdivision 8, or to transfers by the commissioner of natural resources for:

(1) land that is currently in nonagricultural commercial use if a conservation easement would interfere with the commercial use;

(2) land in platted subdivisions;

(3) conveyances of land to correct errors in legal descriptions under section 84.0273;

(4) exchanges of nonagricultural land with the federal government, or exchanges of Class A, Class B, and Class C nonagricultural land with local units of government under sections 94.342, 94.343, 94.344, and 94.349;

(5) land transferred to political subdivisions for public purposes under sections 84.027, subdivision 10, and 94.10; and

(6) land not needed for trail purposes that is sold to adjacent property owners and lease holders under section 85.015, subdivision 1, paragraph (b).

(c) This section does not apply to transfers of land by the commissioner of administration for:

(1) land that is currently in nonagricultural commercial use if a conservation easement would interfere with the commercial use; or

(2) land transferred to political subdivisions for public purposes under sections 84.027, subdivision 10, and 94.10.

Sec. 14. Minnesota Statutes 1988, section 471.59, subdivision 1, is

amended to read:

Subdivision 1. [AGREEMENT.] Two or more governmental units, by agreement entered into through action of their governing bodies, may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised. The agreement may provide for the exercise of such powers by one or more of the participating governmental units on behalf of the other participating units. The term "governmental unit" as used in this section includes every city, county, town, school district, other political subdivision of this or **any adjoining another state, another state**, and any agency of the state of Minnesota or the United States, and includes any instrumentality of a governmental unit. For the purpose of this section, an instrumentality of a governmental unit means an instrumentality having independent policy making and appropriating authority."

Delete the title and insert:

"A bill for an act relating to the operation of state government; changing certain procedures and limits for contracts with the state; creating a cooperative purchasing revolving fund; directing commissioner of administration to consider making state-owned space available for a workplace school; establishing an advisory task force; authorizing reimbursement of certain expenses; changing certain vehicle marking and color provisions; clarifying certain transfer authority; permitting exemptions from building and other codes to preserve historic state buildings; exempting certain land transfers from certain reviews; providing for certain intergovernmental agreements; amending Minnesota Statutes 1988, sections 16B.09, subdivision 5; 16B.17, subdivisions 3 and 4; 16B.24, subdivisions 5 and 10; 16B.41, subdivision 4; 16B.58, subdivision 7; 16B.60, by adding subdivisions; 471.59, subdivision 1; Minnesota Statutes 1989 Supplement, sections 16B.28, subdivision 3; 16B.54, subdivision 2; 40.46, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 16B."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Diane Wray Williams, Steve Dille, Richard H. Jefferson

Senate Conferees: (Signed) Donald M. Moe, Cal Larson, David J. Frederickson

Mr. Moe, D.M. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2162 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. 2162 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	Johnson, D.J.	Metzen	Piper
Anderson	Davis	Knaak	Moe, D.M.	Ramstad
Beckman	Decker	Knutson	Moe, R.D.	Reichgott
Belanger	DeCramer	Laidig	Morse	Renneke
Benson	Dicklich	Langseth	Novak	Schmitz
Berg	Flynn	Lantry	Olson	Spear
Bernhagen	Frederick	Larson	Pariseau	Storm
Bertram	Frederickson, D.J.	Marty	Pehler	Stumpf
Brandl	Hughes	McGowan	Peterson, R. W.	Vickerman
Brataas	Johnson, D.E.	McQuaid	Piepho	

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. 2365, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2365 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 23, 1990

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2365**

A bill for an act relating to the collection and dissemination of data; proposing classifications of data as private and nonpublic; clarifying access to data on decedents; changing classification nomenclature as it relates to medical examiner's data; amending Minnesota Statutes 1988, sections 13.03, subdivision 3; 13.10, subdivision 3; 13.41, subdivision 2; 13.46, subdivision 4; 13.83, subdivisions 4, 5, 7, and 9; Minnesota Statutes 1989 Supplement, sections 13.46, subdivision 2; 13.83, subdivision 8; 13.84, subdivision 5a; 171.06, subdivision 3; 270B.14, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Statutes 1988, section 13.641.

April 21, 1990

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. 2365, 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. 2365 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 13.03, subdivision 3, is amended to read:

Subd. 3. [REQUEST FOR ACCESS TO DATA.] Upon request to a

responsible authority or designee, a person shall be permitted to inspect and copy public government data at reasonable times and places, and, upon request, shall be informed of the data's meaning. If a person requests access for the purpose of inspection, the responsible authority may not assess a charge or require the requesting person to pay a fee to inspect data. The responsible authority or designee shall provide copies of public data upon request. If a person requests copies or *electronic transmittal of the data to the person*, the responsible authority may require the requesting person to pay the actual costs of searching for and retrieving government data, including the cost of employee time, and for making, certifying and, compiling, and electronically transmitting the copies of the data or the data, but may not charge for separating public from not public data. If the responsible authority or designee is not able to provide copies at the time a request is made, copies shall be supplied as soon as reasonably possible.

When a request under this subdivision involves any person's receipt of copies of public government data that has commercial value and is a *substantial and discrete portion of or an entire formula, pattern, compilation, program, device, method, technique, process, data base, or system developed with a significant expenditure of public funds by the agency*, the responsible authority may charge a reasonable fee for the information in addition to the costs of making, certifying, and compiling the copies. Any fee charged must be clearly demonstrated by the agency to relate to the actual development costs of the information. The responsible authority, upon the request of any person, shall provide sufficient documentation to explain and justify the fee being charged.

If the responsible authority or designee determines that the requested data is classified so as to deny the requesting person access, the responsible authority or designee shall inform the requesting person of the determination either orally at the time of the request, or in writing as soon after that time as possible, and shall cite the specific statutory section, temporary classification, or specific provision of federal law on which the determination is based. Upon the request of any person denied access to data, the responsible authority or designee shall certify in writing that the request has been denied and cite the specific statutory section, temporary classification, or specific provision of federal law upon which the denial was based.

Sec. 2. Minnesota Statutes 1988, section 13.10, subdivision 3, is amended to read:

Subd. 3. [RIGHTS.] Rights conferred by this chapter on individuals who are the subjects of private or confidential data shall, in the case of private data on decedents or confidential data on decedents, be exercised by the representative of the decedent. *Nonpublic data concerning a decedent, created or collected after death, are accessible by the representative of the decedent.* Nothing in this section may be construed to prevent access to appropriate data by a trustee appointed in a wrongful death action.

Sec. 3. Minnesota Statutes 1988, section 13.37, subdivision 1, is amended to read:

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

(a) "Security information" means government data the disclosure of

which would be likely to substantially jeopardize the security of information, possessions, individuals or property against theft, tampering, improper use, attempted escape, illegal disclosure, trespass, or physical injury. "Security information" includes crime prevention block maps and lists of volunteers who participate in community crime prevention programs and their home addresses and telephone numbers.

(b) "Trade secret information" means government data, including a formula, pattern, compilation, program, device, method, technique or process (1) that was supplied by the affected individual or organization, (2) that is the subject of efforts by the individual or organization that are reasonable under the circumstances to maintain its secrecy, and (3) that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

(c) "Labor relations information" means management positions on economic and noneconomic items that have not been presented during the collective bargaining process or interest arbitration, including information specifically collected or created to prepare the management position.

Sec. 4. Minnesota Statutes 1988, section 13.37, is amended by adding a subdivision to read:

*Subd. 3. [DATA DISSEMINATION.] Crime prevention block maps and names, home addresses, and telephone numbers of volunteers who participate in community crime prevention programs may be disseminated to volunteers participating in crime prevention programs.*

Sec. 5. Minnesota Statutes 1988, section 13.41, is amended by adding a subdivision to read:

*Subd. 2a. [BOARD OF PEACE OFFICER STANDARDS AND TRAINING.] The following government data of the board of peace officer standards and training are private data:*

- (1) home addresses of licensees and applicants for licenses; and*
- (2) data that identify the state agency, statewide system, or political subdivision that employs a licensed peace officer.*

*The board may disseminate private data on applicants and licensees as is necessary to administer law enforcement licensure.*

Sec. 6. Minnesota Statutes 1989 Supplement, section 13.46, subdivision 2, is amended to read:

*Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:*

- (1) pursuant to section 13.05;*
- (2) pursuant to court order;*
- (3) pursuant to a statute specifically authorizing access to the private data;*
- (4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;*



(5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names and social security numbers, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax;

(9) to the Minnesota department of jobs and training for the purpose of monitoring the eligibility of the data subject for unemployment compensation, for any employment or training program administered, supervised, or certified by that agency, or for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, and to verify receipt of energy assistance for the telephone assistance plan;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons; or

(11) data maintained by residential facilities as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person; or

*(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person.*

(b) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 7. Minnesota Statutes 1988, section 13.46, subdivision 4, is amended to read:

Subd. 4. [LICENSING DATA.] (a) As used in this subdivision:

(1) "licensing data" means all data collected, maintained, used, or disseminated by the welfare system pertaining to persons licensed or registered or who apply for licensure or registration *or who formerly were licensed or registered* under the authority of the commissioner of human services;

(2) "client" means a person who is receiving services from a licensee or from an applicant for licensure; and

(3) "personal and personal financial data" means social security numbers, identity of and letters of reference, insurance information, reports from the bureau of criminal apprehension, health examination reports, and social/home studies.

(b) Except as provided in paragraph (c), the following data are public: name, address, telephone number of licensees, licensed capacity, type of ~~children~~ *client* preferred, variances granted, type of dwelling, name and relationship of other family members, previous license history, class of

license, ~~the nature and content and the existence and status of complaints after resolution when the information is not maintained in anticipation of legal action, record of informal resolutions of licensing violations,~~ *When disciplinary action has been taken against a licensee or the complaint is resolved, the following data are public: the substance of the complaint, the findings of the investigation of the complaint, the record of informal resolution of a licensing violation, orders of hearing, findings of fact, and conclusions of law, and specifications of the final disciplinary action contained in the record of disciplinary action.*

(c) The following are private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9: personal and personal financial data on family day care program and family foster care program applicants and licensees and their family members who provide services under the license.

(d) The following are private data on individuals: the identity of persons who have made reports concerning licensees or applicants that appear in inactive investigative data, and the records of clients or employees of the licensee or applicant for licensure whose records are received by the licensing agency for purposes of review or in anticipation of a contested matter. The names of reporters under sections 626.556 and 626.557 may be disclosed only as provided in section 626.556, subdivision 11, or 626.557, subdivision 12.

(e) Data classified as private, confidential, ~~or~~ nonpublic, *or protected nonpublic* under this subdivision become public data if submitted to a court or administrative law judge as part of a disciplinary proceeding in which there is a public hearing concerning the disciplinary action.

(f) Data generated in the course of licensing investigations that relate to an alleged violation of law are investigative data under subdivision 3.

(g) Data that are not public data collected, maintained, used, or disseminated under this subdivision that relate to or are derived from a report as defined in section 626.556, subdivision 2, are subject to the destruction provisions of section 626.556, subdivision 11.

#### Sec. 8. [13.511] [LODGING TAX DATA.]

*Data, other than basic taxpayer identification data, collected from taxpayers under a lodging tax ordinance are nonpublic.*

#### Sec. 9. [13.521] [TRANSPORTATION SERVICE DATA.]

*Personal, medical, financial, familial, or locational information data pertaining to applicants for or users of services providing transportation for the disabled or elderly, with the exception of the name of the applicant or user of the service, are private.*

#### Sec. 10. [13.643] [DEPARTMENT OF AGRICULTURE DATA.]

*The following data on applicants, collected by the department of agriculture in its sustainable agriculture revolving loan and grant programs under sections 17.115 and 17.116, are private or nonpublic: nonfarm income; credit history; insurance coverage; machinery and equipment list; financial information; and credit information requests.*

#### Sec. 11. [13.644] [STATE AUDITOR'S DATA.]

*(a) Data collected by the office of the state auditor relating to an audit*

*are protected nonpublic data or confidential data until the final report of the audit has been completed or the audit is no longer being actively pursued.*

*(b) Data collected by the office of the state auditor that could reasonably be used to determine the identity of an individual supplying data for an audit are private, if the data supplied by the individual was needed for an audit or was provided to initiate an audit, and the individual would not have provided the data to the state auditor without an assurance that the individual's identity would remain private.*

Sec. 12. Minnesota Statutes 1988, section 13.69, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATIONS.] *(a) The following government data collected and maintained by of the state department of public safety are classified as private, pursuant to section 13.02, subdivision 12 data:*

*(1) medical data on driving instructors, licensed drivers, and applicants for parking certificates and special license plates issued to physically handicapped persons; and*

*(2) social security numbers in driver's license and motor vehicle registration records, except that social security numbers must be provided to the department of revenue for purposes of tax administration.*

*(b) The following government data collected and maintained by of the state department of public safety are classified as confidential, pursuant to section 13.02, subdivision 3 data: data concerning an individual's driving ability when that data is received from a member of the individual's family.*

Sec. 13. Minnesota Statutes 1988, section 13.83, subdivision 4, is amended to read:

Subd. 4. [~~CONFIDENTIAL INVESTIGATIVE DATA.~~] Data created or collected by a county coroner or medical examiner which is part of an active investigation mandated by chapter 390, or any other general or local law relating to coroners or medical examiners is confidential data ~~on individuals pursuant to section 13.02, subdivision 3 or protected nonpublic data~~, until the completion of the coroner's or medical examiner's final summary of findings at which point the data collected in the investigation and the final summary thereof shall become private or nonpublic data ~~on individuals~~, except that nothing in this subdivision shall be construed to make private or confidential not public the data elements identified in subdivision 2 at any point in the investigation or thereafter.

Sec. 14. Minnesota Statutes 1988, section 13.83, subdivision 5, is amended to read:

Subd. 5. [~~PRIVATE OTHER DATA.~~] All other medical examiner data on deceased individuals is private pursuant to section 13.02, subdivision 12, are nonpublic and shall not be disclosed except pursuant to the provisions of chapter 390, or any other general or local law on county coroners or medical examiners, or pursuant to a valid court order.

Sec. 15. Minnesota Statutes 1988, section 13.83, subdivision 7, is amended to read:

Subd. 7. [COURT REVIEW.] Any person may petition the district court located in the county where medical examiner data is being maintained to

authorize disclosure of ~~private nonpublic, protected nonpublic~~, or confidential medical examiner data. The petitioner shall notify the medical examiner or coroner. The court may notify other interested persons and require their presence at a hearing. A hearing may be held immediately if the parties agree, and in any event shall be held as soon as practicable. After examining the data in camera, the court may order disclosure of the data if it determines that disclosure would be in the public interest.

Sec. 16. Minnesota Statutes 1989 Supplement, section 13.83, subdivision 8, is amended to read:

Subd. 8. [ACCESS TO ~~PRIVATE NONPUBLIC~~ DATA.] The data made ~~private nonpublic~~ by this section are accessible to the legal representative of the decedent's estate and to the decedent's surviving spouse, parents, children, and siblings and their legal representatives.

Sec. 17. Minnesota Statutes 1988, section 13.83, subdivision 9, is amended to read:

Subd. 9. [CHANGE IN CLASSIFICATION.] ~~Notwithstanding section 13.10,~~ Data classified as ~~private nonpublic, protected nonpublic~~, or confidential by this section shall be classified as public 30 years after the date of death of the decedent.

Sec. 18. Minnesota Statutes 1989 Supplement, section 13.84, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC BENEFIT DATA.] (a) 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: (1) criminal acts to any law enforcement agency, if necessary for law enforcement purposes; and (2) criminal acts or delinquent acts to the victims of criminal or delinquent acts to the extent that the data are necessary for the victim to assert the victim's legal right to restitution. In the case of delinquent acts, the data that may be released include only the juvenile's name, address, date of birth, and place of employment; the name and address of the juvenile's parents or guardians; and the factual part of police reports related to the investigation of the delinquent act.

(b) *A parole or probation authority, a correctional agency, or agencies that provide correctional services under contract to a correctional agency may release to a law enforcement agency the following data on defendants, parolees, or probationers: current address, dates of entrance to and departure from agency programs, and dates and times of any absences, both authorized and unauthorized, from a correctional program.*

Sec. 19. Minnesota Statutes 1988, section 60A.03, is amended by adding a subdivision to read:

Subd. 9. [CONFIDENTIALITY OF INFORMATION.] *The commissioner may not be required to divulge any information obtained in the course of the supervision of insurance companies, or the examination of insurance companies, including examination related correspondence and workpapers, until the examination report is finally accepted and issued by the commissioner, and then only in the form of the final public report of examinations. This subdivision does not apply to the extent the commissioner is required or permitted by law, or ordered by a court of law to testify or produce evidence in a civil or criminal proceeding. For purposes of this subdivision, a subpoena is not an order of a court of law.*

Sec. 20. Minnesota Statutes 1989 Supplement, section 144.335, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(a) "Patient" means a natural person who has received health care services from a provider for treatment or examination of a medical, psychiatric, or mental condition, the surviving spouse and parents of a deceased patient, or a person the patient designates in writing as a representative. Except for minors who have received health care services pursuant to sections 144.341 to 144.347, in the case of a minor, "patient" includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian.

(b) "Provider" means (1) any person who furnishes health care services and is licensed to furnish the services pursuant to chapter 147, 148, 148B, 150A, 151, or 153; (2) a home care provider licensed under section 144A.46; and (3) a health care facility licensed pursuant to this chapter or chapter 144A.

Sec. 21. Minnesota Statutes 1989 Supplement, section 171.06, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF APPLICATION.] ~~Every~~ *An* application shall state the full name, date of birth, ~~social security number~~, sex and residence address of the applicant, a description of the applicant in such manner as the commissioner may require, and shall state whether or not the applicant has theretofore been licensed as a driver; and, if so, when and by what state or country and whether any such license has ever been suspended or revoked, or whether an application has ever been refused; and, if so, the date of and reason for such suspension, revocation, or refusal, together with such facts pertaining to the applicant and the applicant's ability to operate a motor vehicle with safety as may be required by the commissioner. *An application for a Class CC, Class B, or Class A driver's license also must state the applicant's social security number.* The application form shall contain a notification to the applicant of the availability of the donor document provided pursuant to section 171.07, subdivision 5, and shall contain spaces where the applicant must indicate a desire to receive or not to receive the donor document. The application shall be in the form prepared by the commissioner.

The application form must be accompanied by a pamphlet containing relevant facts relating to:

- (1) the effect of alcohol on driving ability;
- (2) the effect of mixing alcohol with drugs;
- (3) the laws of Minnesota relating to operation of a motor vehicle while under the influence of alcohol or a controlled substance; and
- (4) the levels of alcohol-related fatalities and accidents in Minnesota and of arrests for alcohol-related violations.

Sec. 22. Minnesota Statutes 1989 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~~ (2) as required by section 126.036, ~~or~~ (3) as authorized under section 13.82, subdivision 2, ~~or~~ (4) to the child's parent or guardian unless disclosure of a record would interfere with an ongoing investigation; 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. Except as provided in paragraph (c), 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.

(c) The commissioner of corrections may photograph juveniles whose legal custody is transferred to the commissioner. Photographs of juveniles authorized by this paragraph may be used only for institution management purposes and to assist law enforcement agencies to apprehend juvenile offenders. The commissioner shall maintain photographs of juveniles in the same manner as juvenile court records and names under this section.

Sec. 23. [REPEALER.]

*Minnesota Statutes 1988, section 13.641, is repealed.*

Sec. 24. [EFFECTIVE DATE.]

*Sections 12 and 21 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to the collection and dissemination of data; providing for classifications of government data; clarifying access to data on decedents; changing classification nomenclature as it relates to medical examiner's data; amending Minnesota Statutes 1988, sections 13.03, subdivision 3; 13.10, subdivision 3; 13.37, subdivision 1, and by adding a subdivision; 13.41, by adding a subdivision; 13.46, subdivision 4; 13.69, subdivision 1; 13.83, subdivisions 4, 5, 7, and 9; 60A.03, by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 13.46, subdivision 2; 13.83, subdivision 8; 13.84, subdivision 5a; 144.335, subdivision 1; 171.06, subdivision 3; 260.161, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Statutes 1988, section 13.641."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Thomas W. Pugh, Phil Carruthers, Marcus Marsh

Senate Conferees: (Signed) Randolph W. Peterson, Gene Merriam, Fritz Knaak

Mr. Peterson, R. W. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2365 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. 2365 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	Knaak	Morse	Renneke
Anderson	Decker	Knutson	Novak	Schmitz
Beckman	DeCramer	Laidig	Olson	Solon
Belanger	Dicklich	Langseth	Pariseau	Spear
Benson	Flynn	Lantry	Pehler	Storm
Berg	Frederick	Larson	Peterson, R. W.	Stumpf
Berglin	Frederickson, D.J.	Marty	Piepho	Vickerman
Bernhagen	Freeman	McGowan	Piper	Waldorf
Bertram	Hughes	McQuaid	Pogemiller	
Brataas	Johnson, D.E.	Metzen	Ramstad	
Cohen	Johnson, D.J.	Moe, R.D.	Reichgott	

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. 2704:

H.F. No. 2704: A bill for an act relating to commerce; removing a real estate licensing prohibition; amending Minnesota Statutes 1988, section 82.20, subdivision 4.

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

Scheid, Sarna and Heap have been appointed as such committee on the part of the House.

House File No. 2704 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 23, 1990

Mr. Freeman moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2704, 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. 1855, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1855 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 23, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1855

A bill for an act relating to family law; modifying dissolution statistical report requirements; regulating child custody and visitation in dissolution and other proceedings; modifying standards for joint legal custody; providing for the award of temporary attorney fees; providing standards for visitation and custody rights when a parent has been convicted of certain crimes; providing funding for legal representation in family law matters; amending Minnesota Statutes 1988, sections 144.224; 257.025; 257.541, subdivision 2; 518.003, subdivision 3, and by adding a subdivision; 518.131, subdivisions 1 and 7; 518.14; 518.156; 518.167, subdivision 2; 518.175, by adding a subdivision; 518.551, subdivision 5; and 518.619; Minnesota Statutes 1989 Supplement, sections 518.17, subdivision 2; 518.175, subdivisions 1 and 5; and 518.64, subdivision 2; proposing coding for new law in chapter 518.

April 20, 1990

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. 1855, 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. 1855 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 144.224, is amended to read:

144.224 [REPORTS OF DISSOLUTION AND ANNULMENT OF MARRIAGE.]

Each month the court administrator shall forward to the commissioner of health the statistical report forms collected pursuant to section 518.147 during the preceding month. The report form shall include only the following information:

(a) name, date of birth, birthplace, residence, race, and educational attainment of the husband and wife;

(b) county of decree;

(c) date and type of decree;

(d) place and date of marriage;

(e) date of separation;

(f) number and ages of children of marriage;

(g) amount and status of maintenance and child support;

(h) custody of children, *including whether joint legal or physical custody*



was awarded;

- (i) income of the parties;
- (j) length of separation and length of marriage; and
- (k) number of previous marriages and reasons for ending the previous marriages (death, dissolution, or annulment).

The commissioner may publish data collected under this section in summary form only. The statistical report form shall contain a statement that neither the report form, nor information contained in the form, shall be admissible in evidence in this or any subsequent proceeding.

Sec. 2. Minnesota Statutes 1988, section 257.025, is amended to read:  
257.025 [CUSTODY DISPUTES.]

(a) In any proceeding where two or more parties seek custody of a child the court shall ~~determine the best interests of the child by considering and evaluating~~ *consider and evaluate all relevant factors in determining the best interests of the child, including the following factors:*

~~(a) The love, affection and other emotional ties existing between the competing parties and the child;~~

~~(b) The capacity and disposition of competing parties to give the child love, affection and guidance and continuation of the educating and raising of the child in its religion, creed, if any, or culture;~~

~~(c) The capacity and disposition of competing parties to provide the child with food, clothing, medical care or other remedial care recognized and permitted under the laws of this state in lieu of medical care, and other material needs;~~

~~(d) The length of time the child has lived in a stable, satisfactory environment and the desirability of maintaining continuity;~~

~~(e) The permanence, as a family unit, of the existing or proposed custodial home;~~

~~(f) The mental and physical health of the competing parties;~~

~~(g) The home, school and community record of the child;~~

~~(h) The cultural background of the child;~~

~~(i) The reasonable preference of the child, if the court deems the child to be of sufficient age to express preference;~~

~~(j) Any other factor considered by the court to be relevant to a particular child custody dispute.~~

*(1) the wishes of the party or parties as to custody;*

*(2) the reasonable preference of the child, if the court deems the child to be of sufficient age to express preference;*

*(3) the child's primary caretaker;*

*(4) the intimacy of the relationship between each party and the child;*

*(5) the interaction and interrelationship of the child with a party or parties, siblings, and any other person who may significantly affect the child's best interests;*

- (6) *the child's adjustment to home, school, and community;*
- (7) *the length of time the child has lived in a stable, satisfactory environment and the desirability of maintaining continuity;*
- (8) *the permanence, as a family unit, of the existing or proposed custodial home;*
- (9) *the mental and physical health of all individuals involved;*
- (10) *the capacity and disposition of the parties to give the child love, affection and guidance, and to continue educating and raising the child in the child's culture, religion or creed, if any;*
- (11) *the child's cultural background; and*
- (12) *the effect on the child of the actions of an abuser, if related to domestic abuse as defined in section 518B.01, that has occurred between the parents or the parties.*

*The court may not use one factor to the exclusion of all others. The court must make detailed findings on each of the factors and explain how the factors led to its conclusions and to the determination of the best interests of the child.*

*(b) The fact that the parents of the child are not or were never married to each other shall not be determinative of the custody of the child.*

*(c) The court shall not consider conduct of a proposed custodian that does not affect the custodian's relationship to the child.*

*(d) The court shall consider evidence of a violation of section 609.507 in determining the best interests of the child.*

*(e) A person may seek custody of a child by filing a petition or motion pursuant to section 518.156.*

*(f) Section 518.619 applies to this section.*

Sec. 3. Minnesota Statutes 1988, section 257.541, subdivision 2, is amended to read:

Subd. 2. [FATHER'S RIGHT TO VISITATION.] (a) If paternity has been acknowledged under section 257.34 and paternity has been established under sections 257.51 to 257.74, the father's rights of visitation or custody are determined under sections 518.17 and 518.175.

(b) If paternity has not been acknowledged under section 257.34 and paternity has been established under sections 257.51 to 257.74, the biological father may petition for rights of visitation or custody in *the paternity proceeding or in a separate proceeding* under section 518.156.

Sec. 4. Minnesota Statutes 1989 Supplement, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of \$55, except that in an action for marriage dissolution, the fee is ~~\$75~~ \$85.

The defendant or other adverse or intervening party, or any one or more

of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of \$55, except that in an action for marriage dissolution, the fee for the respondent is \$75 \$85.

The party requesting a trial by jury shall pay \$30.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under sections 106A.005 to 106A.811, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding \$5, plus 25 cents per page after the first page and \$3.50, plus 25 cents per page after the first page for an uncertified copy.

(3) Issuing a subpoena \$3 for each name.

(4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$5.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$5.

(6) Filing and entering a satisfaction of judgment, partial satisfaction or assignment of judgment, \$5.

(7) Certificate as to existence or nonexistence of judgments docketed, \$1 for each name certified to and \$3 for each judgment certified to.

(8) Filing and indexing trade name; or recording notary commission; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians or optometrists, \$5.

(9) For the filing of each partial, final, or annual account in all trust-eeships, \$10.

(10) All other services required by law for which no fee is provided such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

Sec. 5. Minnesota Statutes 1989 Supplement, section 480.241, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF SURCHARGE; COLLECTION BY COURT ADMINISTRATORS.] A plaintiff, petitioner, defendant, respondent, intervenor or moving party in any trial court civil action or civil proceeding in which an initial filing fee is payable by that party, except a marriage dissolution or conciliation court action, shall pay to the court administrator a surcharge of ~~\$25~~ \$30 in addition to the initial filing fee otherwise prescribed. A plaintiff, defendant, or moving party in any conciliation court action in which an initial filing fee is payable shall pay to the court administrator of conciliation court a surcharge of \$3 in addition to the initial filing fee otherwise prescribed. Notwithstanding any other law or rule to the contrary, no surcharge shall be paid by any governmental unit of the state of Minnesota, any local unit of government, or agency thereof.

Sec. 6. Minnesota Statutes 1988, section 518.003, subdivision 3, is amended to read:

Subd. 3. [CUSTODY.] Unless otherwise agreed by the parties:

(a) "Legal custody" means the right to determine the child's upbringing, including education, health care and religious training.

(b) "Joint legal custody" means that both parents have equal rights and responsibilities, including the right to participate in major decisions determining the child's upbringing, including education, health care and religious training.

(c) "Physical custody and residence" means the routine daily care and control and the residence of the child.

(d) "Joint physical custody" means that the routine daily care and control and the residence of the child is structured between the parties.

(e) Wherever used in this chapter, the term "custodial parent" or "custodian" means the person who has the physical custody of the child at any particular time.

(f) "*Custody determination*" means a court decision and court orders and instructions providing for the custody of a child, including visitation rights, but does not include a decision relating to child support or any other monetary obligation of any person.

(g) "*Custody proceeding*" includes proceedings in which a custody determination is one of several issues, such as an action for dissolution, divorce or separation, and includes proceedings involving children who are in need of protection or services, domestic abuse, and paternity.

Sec. 7. Minnesota Statutes 1988, section 518.003, is amended by adding a subdivision to read:

*Subd. 4. [MEDIATION.] "Mediation" means a process in which an impartial third party facilitates an agreement between two or more parties in a proceeding.*

Sec. 8. Minnesota Statutes 1988, section 518.131, subdivision 1, is amended to read:

Subdivision 1. In a proceeding brought for custody, dissolution, or legal separation, or for disposition of property, maintenance, or child support following the dissolution of a marriage, either party may, by motion, request from the court and the court may grant a temporary order pending the final disposition of the proceeding to or for:

(a) Temporary custody and visitation rights of the minor children of the parties;

(b) Temporary maintenance of either spouse;

(c) Temporary child support for the children of the parties;

(d) *Temporary costs and reasonable attorney fees;*

(e) Award the temporary use and possession, exclusive or otherwise, of the family home, furniture, household goods, automobiles and other property of the parties;

(e) (f) Restrain one or both parties from transferring, encumbering, concealing or disposing of property except in the usual course of business or for the necessities of life, and to account to the court for all such transfers, encumbrances, dispositions and expenditures made after the order is served

or communicated to the party restrained in open court;

(f) (g) Restrain one or both parties from harassing, vilifying, mistreating, molesting, disturbing the peace, or restraining the liberty of the other party or the children of the parties;

(g) (h) Restrain one or both parties from removing any minor child of the parties from the jurisdiction of the court;

(h) (i) Exclude a party from the family home of the parties or from the home of the other party; and

(i) (j) Require one or both of the parties to perform or to not perform such additional acts as will facilitate the just and speedy disposition of the proceeding, or will protect the parties or their children from physical or emotional harm.

Sec. 9. Minnesota Statutes 1988, section 518.131, subdivision 7, is amended to read:

Subd. 7. The court shall be guided by the factors set forth in sections 518.551 (concerning child support), 518.552 (concerning maintenance) and, 518.17 to 518.175 (concerning custody and visitation), and 518.14 (concerning costs and attorney fees) in making temporary orders and restraining orders.

Sec. 10. Minnesota Statutes 1988, section 518.14, is amended to read:

518.14 [COSTS AND DISBURSEMENTS AND ATTORNEY FEES.]

~~In a proceeding brought either for dissolution or legal separation under this chapter, the court, from time to time, after considering the financial resources of both parties, may require one party to pay a reasonable amount necessary to enable the other spouse to carry on or to contest the proceeding, and to pay attorney's fees, including sums for legal services rendered and costs incurred prior to the commencement or after entry of judgment. In a proceeding under this chapter, the court shall award attorney fees, costs, and disbursements in an amount necessary to enable a party to carry on or contest the proceeding, provided it finds:~~

(1) that the fees are necessary for the good-faith assertion of the party's rights in the proceeding and will not contribute unnecessarily to the length and expense of the proceeding;

(2) that the party from whom fees, costs, and disbursements are sought has the means to pay them; and

(3) that the party to whom fees, costs, and disbursements are awarded does not have the means to pay them.

*Nothing in this section precludes the court from awarding, in its discretion, additional fees, costs, and disbursements against a party who unreasonably contributes to the length or expense of the proceeding. Fees, costs, and disbursements provided for in this section may be awarded at any point in the proceeding. The court may adjudge costs and disbursements against either party. The court may authorize the collection of money awarded by execution, or out of property sequestered, or in any other manner within the power of the court. An award of attorney's fees made by the court during the pendency of the proceeding or in the final judgment survives the proceeding and if not paid by the party directed to pay the same may be*

enforced as above provided or by a separate civil action brought in the attorney's own name. If the proceeding is dismissed or abandoned prior to determination and award of attorney's fees, the court may nevertheless award attorney's fees upon the attorney's motion. The award shall also survive the proceeding and may be enforced in the same manner as last above provided.

Sec. 11. Minnesota Statutes 1988, section 518.156, is amended to read:  
518.156 [COMMENCEMENT OF CUSTODY PROCEEDING.]

Subdivision 1. In a court of this state which has jurisdiction to decide child custody matters, a child custody proceeding is commenced:

(a) By a parent

(1) By filing a petition for dissolution or legal separation; or

(2) Where a decree of dissolution or legal separation has been entered or where none is sought, by filing a petition or motion seeking custody *or visitation* of the child in the county where the child is permanently resident or where the child is found or where an earlier order for custody of the child has been entered; or

(b) By a person other than a parent, *where a decree of dissolution or legal separation has been entered or where none is sought* by filing a petition or motion seeking custody *or visitation* of the child in the county where the child is permanently resident or where the child is found or where an earlier order for custody of the child has been entered.

Subd. 2. Written notice of a child custody *or visitation* proceeding shall be given to the child's parent, guardian and custodian, who may appear and be heard and may file a responsive pleading. The court may, upon a showing of good cause, permit the intervention of other interested parties.

Sec. 12. Minnesota Statutes 1988, section 518.167, subdivision 2, is amended to read:

Subd. 2. [PREPARATION.] (a) In preparing a report concerning a child, the investigator may consult any person who may have information about the child and the potential custodial arrangements except for persons involved in mediation efforts between the parties. Mediation personnel may disclose to investigators and evaluators information collected during mediation only if agreed to in writing by all parties. Upon order of the court, the investigator may refer the child to professional personnel for diagnosis. The investigator may consult with and obtain information from medical, psychiatric, school personnel, or other expert persons who have served the child in the past after obtaining the consent of the parents or the child's custodian or guardian.

(b) *The report submitted by the investigator must consider and evaluate the factors in section 518.17, subdivision 1, and include a detailed analysis of all information considered for each factor. If joint custody is contemplated or sought, the report must consider and evaluate the factors in section 518.17, subdivision 2, state the position of each party and the investigator's recommendation and the reason for the recommendation, and reference established means for dispute resolution between the parties.*

Sec. 13. Minnesota Statutes 1989 Supplement, section 518.17, subdivision 1, is amended to read:

Subdivision 1. [THE BEST INTERESTS OF THE CHILD.] (a) "The best interests of the child" means all relevant factors to be considered and

evaluated by the court including:

- (1) the wishes of the child's parent or parents as to custody;
- (2) the reasonable preference of the child, if the court deems the child to be of sufficient age to express preference;
- (3) the child's primary caretaker;
- (4) the intimacy of the relationship between each parent and the child;
- (5) the interaction and interrelationship of the child with a parent or parents, siblings, and any other person who may significantly affect the child's best interests;
- (6) the child's adjustment to home, school, and community;
- (7) the length of time the child has lived in a stable, satisfactory environment and the desirability of maintaining continuity;
- (8) the permanence, as a family unit, of the existing or proposed custodial home;
- (9) the mental and physical health of all individuals involved;
- (10) the capacity and disposition of the parties to give the child love, affection, and guidance, and to continue educating and raising the child in the child's culture and religion or creed, if any;
- (11) the child's cultural background; and
- (12) the effect on the child of the actions of an abuser, if related to domestic abuse, as defined in section 518B.01, that has occurred between the parents.

The court may not use one factor to the exclusion of all others. *The primary caretaker factor may not be used as a presumption in determining the best interests of the child.* The court must make detailed findings on each of the factors and explain how the factors led to its conclusions and to the determination of the best interests of the child.

(b) The court shall not consider conduct of a proposed custodian that does not affect the custodian's relationship to the child.

Sec. 14. Minnesota Statutes 1989 Supplement, section 518.17, subdivision 2, is amended to read:

Subd. 2. [FACTORS WHEN JOINT CUSTODY IS SOUGHT.] In addition to the factors listed in subdivision 1, where either joint legal or joint physical custody is contemplated or sought, the court shall consider the following relevant factors:

- (a) The ability of parents to cooperate in the rearing of their children;
- (b) Methods for resolving disputes regarding any major decision concerning the life of the child, and the parents' willingness to use those methods;
- (c) Whether it would be detrimental to the child if one parent were to have sole authority over the child's upbringing; and
- (d) Whether domestic abuse, as defined in section 518B.01, has occurred between the parents.

The court shall use a rebuttable presumption that upon request of either

or both parties, joint legal custody is in the best interests of the child. *However, the court shall use a rebuttable presumption that joint legal custody is not in the best interests of the child if domestic abuse, as defined in section 518B.01, has occurred between the parents.*

*If the court awards joint legal or physical custody over the objection of a party, the court shall make detailed findings on each of the factors in this subdivision and explain how the factors led to its determination that joint custody would be in the best interests of the child.*

Sec. 15. Minnesota Statutes 1989 Supplement, section 518.175, subdivision 5, is amended to read:

Subd. 5. The court shall modify an order granting or denying visitation rights whenever modification would serve the best interests of the child; ~~but the court shall.~~ *Except as provided in section 23, the court may not restrict visitation rights unless it finds that:*

(1) the visitation is likely to endanger the child's physical or emotional health or impair the child's emotional development; or

(2) the noncustodial parent has chronically and unreasonably failed to comply with court-ordered visitation.

If the custodial parent makes specific allegations that visitation places the custodial parent *or child* in danger of harm, the court shall hold a hearing at the earliest possible time to determine the need to modify the order granting visitation rights. The court may require a third party, including the county welfare board, to supervise the visitation or may restrict a parent's visitation rights if necessary to protect the custodial parent *or child* from harm.

Sec. 16. [518.179] [CUSTODY OR VISITATION WHEN PERSON CONVICTED OF CERTAIN OFFENSES.]

*Subdivision 1. [SEEKING CUSTODY OR VISITATION.] Notwithstanding any contrary provision in section 518.17 or 518.175, if a person seeking child custody or visitation has been convicted of a crime described in subdivision 2, the person seeking custody or visitation has the burden to prove that custody or visitation by that person is in the best interests of the child if:*

(1) the conviction occurred within the preceding five years;

(2) the person is currently incarcerated, on probation, or under supervised release for the offense; or

(3) the victim of the crime was a family or household member as defined in section 518B.01, subdivision 2.

*If this section applies, the court may not grant custody or visitation to the person unless it finds that the custody or visitation is in the best interests of the child. If the victim of the crime was a family or household member, the standard of proof is clear and convincing evidence.*

Subd. 2. [APPLICABLE CRIMES.] *This section applies to the following crimes or similar crimes under the laws of the United States, or any other state:*

(1) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;



- (2) *manslaughter in the first degree under section 609.20;*
- (3) *assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;*
- (4) *kidnapping under section 609.25;*
- (5) *depriving another of custodial or parental rights under section 609.26;*
- (6) *soliciting, inducing, or promoting prostitution involving a minor under section 609.322;*
- (7) *receiving profit from prostitution involving a minor under section 609.323;*
- (8) *criminal sexual conduct in the first degree under section 609.342;*
- (9) *criminal sexual conduct in the second degree under section 609.343;*
- (10) *criminal sexual conduct in the third degree under section 609.344, subdivision 1, paragraph (c), (f), or (g);*
- (11) *solicitation of a child to engage in sexual conduct under section 609.352;*
- (12) *incest under section 609.365;*
- (13) *malicious punishment of a child under section 609.377; or*
- (14) *neglect of a child under section 609.378.*

Sec. 17. Minnesota Statutes 1988, section 518.18, is amended to read:  
518.18 [MODIFICATION OF ORDER.]

(a) Unless agreed to in writing by the parties, no motion to modify a custody order may be made earlier than one year after the date of the entry of a decree of dissolution or legal separation containing a provision dealing with custody, except in accordance with clause (c).

(b) If a motion for modification has been heard, whether or not it was granted, unless agreed to in writing by the parties no subsequent motion may be filed within two years after disposition of the prior motion on its merits, except in accordance with clause (c).

(c) The time limitations prescribed in clauses (a) and (b) shall not prohibit a motion to modify a custody order if the court finds that there is persistent and willful denial or interference with visitation, or has reason to believe that the child's present environment may endanger the child's physical or emotional health or impair the child's emotional development.

(d) If the court has jurisdiction to determine child custody matters, the court shall not modify a prior custody order unless it finds, upon the basis of facts that have arisen since the prior order or that were unknown to the court at the time of the prior order, that a change has occurred in the circumstances of the child or the custodian and that the modification is necessary to serve the best interests of the child. In applying these standards the court shall retain the custodian established by the prior order unless:

- (i) The custodian agrees to the modification;
- (ii) The child has been integrated into the family of the petitioner with the consent of the custodian; or
- (iii) The child's present environment endangers the child's physical or

emotional health or impairs the child's emotional development and the harm likely to be caused by a change of environment is outweighed by the advantage of a change to the child.

*In addition, a court may modify a custody order under section 23.*

Sec. 18. Minnesota Statutes 1988, 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 *determine and* order child support *in a specific dollar amount* in accordance with the guidelines and the other factors set forth in paragraph (b) and any departure therefrom.

The court shall ~~multiply~~ *derive a specific dollar amount by multiplying* the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
\$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
\$401 - 500	14%	17%	20%	22%	24%	26%	28%
\$501 - 550	15%	18%	21%	24%	26%	28%	30%
\$551 - 600	16%	19%	22%	25%	28%	30%	32%
\$601 - 650	17%	21%	24%	27%	29%	32%	34%
\$651 - 700	18%	22%	25%	28%	31%	34%	36%
\$701 - 750	19%	23%	27%	30%	33%	36%	38%
\$751 - 800	20%	24%	28%	31%	35%	38%	40%
\$801 - 850	21%	25%	29%	33%	36%	40%	42%
\$851 - 900	22%	27%	31%	34%	38%	41%	44%
\$901 - 950	23%	28%	32%	36%	40%	43%	46%
\$951 - 1000	24%	29%	34%	38%	41%	45%	48%
\$1001- 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of \$4,001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of \$4,000.

Net Income defined as:

Total monthly income less

\*(i) Federal Income Tax

\*(ii) State Income Tax

- (iii) Social Security Deductions
- (iv) Reasonable Pension Deductions

**\*Standard Deductions apply-use of tax tables recommended**

- (v) Union Dues
- (vi) Cost of Dependent Insurance Coverage
- (vii) Cost of Individual or Group Health/Hospitalization Coverage or an Amount for Actual Medical Expenses
- (viii) A Child Support or Maintenance Order that is Currently Being Paid.

“Net income” does not include:

- (1) the income of the obligor’s spouse; or
- (2) compensation received by a party for employment in excess of a 40-hour work week, provided that:

- (a) support is nonetheless ordered in an amount at least equal to the guidelines amount based on income not excluded under this clause; and

- (b) the party demonstrates, and the court finds, that:

- (i) the excess employment began after the filing of the petition for dissolution;

- (ii) the excess employment reflects an increase in the work schedule or hours worked over that of the two years immediately preceding the filing of the petition;

- (iii) the excess employment is voluntary and not a condition of employment;

- (iv) the excess employment is in the nature of additional, part-time or overtime employment compensable by the hour or fraction of an hour; and

- (v) the party’s compensation structure has not been changed for the purpose of affecting a support or maintenance obligation.

(b) In addition to the child support guidelines, the court shall take into consideration the following factors in setting or modifying child support:

- (1) all earnings, income, and resources of the parents, including real and personal property, but excluding income from excess employment of the obligor or obligee that meets the criteria of paragraph (a), clause (2)(b);

- (2) the financial needs and resources, physical and emotional condition, and educational needs of the child or children to be supported;

- (3) the standards of living the child would have enjoyed had the marriage not been dissolved, but recognizing that the parents now have separate households;

- (4) the amount of the aid to families with dependent children grant for the child or children;

- (5) which parent receives the income taxation dependency exemption and what financial benefit the parent receives from it; and

(6) the parents' debts as provided in paragraph (c).

(c) In establishing or modifying a support obligation, the court may consider debts owed to private creditors, but only if:

(1) the right to support has not been assigned under section 256.74;

(2) the court determines that the debt was reasonably incurred for necessary support of the child or parent or for the necessary generation of income. If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income; and

(3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them, the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid.

Any schedule prepared under paragraph (c), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

Where payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

(d) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

(e) The above guidelines are binding in each case unless the court makes express findings of fact as to the reason for departure below or above the guidelines.

Sec. 19. Minnesota Statutes 1988, section 518.57, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Upon a decree of dissolution, legal separation or annulment, the court ~~may~~ shall make a further order which is just and proper concerning the maintenance of the minor children as provided by section 518.551, and for the maintenance of any child of the parties as defined in section 518.54, as support money, and may make the same a lien or charge upon the property of the parties to the proceeding, or either of them, either at the time of the entry of the judgment or by subsequent order upon proper application.

Sec. 20. [518.583] [NOTICE OF TAX EFFECT ON PRINCIPAL RESIDENCE.]

*If the parties to an action for dissolution own a principal residence, the court must make express findings of fact that the parties who are represented by an attorney have been advised as to the income tax laws respecting the capital gain tax, or that parties who are not represented by an attorney have been notified that income tax laws regarding the capital*

*gain tax may apply to the sale of the residence. This includes, but is not limited to, the exclusion available on the sale of a principal residence for those over a certain age under section 121 of the Internal Revenue Code of 1986, or other applicable law. The order must expressly provide for the use of that exclusion unless the court otherwise orders. All judgment and decrees involving a principal residence must include a notice to the parties that income tax laws regarding the capital gain tax may apply to the sale of the residence and that the parties may wish to consult with an attorney concerning the applicable laws.*

Sec. 21. Minnesota Statutes 1988, section 518.619, is amended to read:

518.619 [~~CONTESTED CUSTODY OR VISITATION~~; MEDIATION SERVICES.]

Subdivision 1. [MEDIATION PROCEEDING.] Except as provided in subdivision 2, if it appears on the face of the petition or other application for an order or modification of an order for the custody of a child that custody or visitation is contested, or that any issue pertinent to a custody or visitation determination, including visitation rights, is unresolved, the matter may be set for mediation of the contested issue prior to or, concurrent with, or subsequent to the setting of the matter for hearing. The purpose of the mediation proceeding is to reduce acrimony which may exist between the parties and to develop an agreement assuring the child's close and continuing contact with both parents after the marriage is dissolved that is supportive of the child's best interests. The mediator shall use best efforts to effect a settlement of the custody or visitation dispute, but shall have no coercive authority.

Subd. 2. [EXCEPTION.] If the court determines that there is probable cause that one of the parties, or a child of a party, has been physically or sexually abused by the other party, the court shall not require or refer the parties to mediation or any other process that requires parties to meet and confer without counsel, if any, present.

Subd. 3. [MEDIATOR APPOINTMENT.] In order to participate in a custody mediation, a mediator must be appointed by the family court. A mediator must be a member of the professional staff of a family court, probation department, mental health services agency, or a private mediation service. The mediator must be on a list of mediators approved by the court having jurisdiction of the matter, unless the parties stipulate to a mediator not on the list.

Subd. 4. [MEDIATOR QUALIFICATIONS.] A mediator who performs mediation in contested child custody matters shall meet the following minimum qualifications:

(a) knowledge of the court system and the procedures used in contested child custody matters;

(b) knowledge of other resources in the community to which the parties to contested child custody matters can be referred for assistance;

(c) knowledge of child development, clinical issues relating to children, the effects of marriage dissolution on children, and child custody research; and

(d) a minimum of 40 hours of certified mediation training.

Subd. 5. [RECORDS; PRIVATE DATA.] Mediation proceedings shall be

conducted in private. All records of a mediation proceeding shall be private and not available as evidence in an action for marriage dissolution and related proceedings on any issue in controversy in the dissolution.

Subd. 6. [MEDIATOR RECOMMENDATIONS.] When the parties have not reached agreement as a result of the mediation proceeding, the mediator may recommend to the court that an investigation be conducted under section 518.167, or that other action be taken to assist the parties to resolve the controversy before hearing on the issues. The mediator may *not* conduct the investigation. The mediator may recommend that mutual restraining orders be issued in appropriate cases, pending determination of the controversy, to protect the well-being of the children involved in the controversy.

Subd. 7. [MEDIATION AGREEMENT.] An agreement reached by the parties as a result of mediation shall be discussed by the parties with their attorneys, if any, and the approved agreement may then be included in the marital dissolution decree or other stipulation submitted to the court. *An agreement reached by the parties as a result of mediation may not be presented to the court nor made enforceable unless the parties and their counsel, if any, consent to its presentation to the court, and the court adopts the agreement.*

Sec. 22. Minnesota Statutes 1989 Supplement, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] (a) The terms of a decree respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party; (3) receipt of assistance under sections 256.72 to 256.87; or (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair.

(b) On a motion for modification of maintenance, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall take into consideration the needs of the children and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments

*to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.*

*(c) A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party. However, modification may be applied to an earlier period if the court makes express findings that the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability or a material misrepresentation of another party and that the party seeking modification, when no longer precluded, promptly served a motion.*

*(d) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.*

**Sec. 23. [631.52] [EFFECT OF CERTAIN CONVICTIONS ON CUSTODY AND VISITATION RIGHTS.]**

*Subdivision 1. [SUSPENSION OF VISITATION RIGHTS; TRANSFER OF CUSTODY.] (a) If a person who has court-ordered custody of a child or visitation rights is convicted of a crime listed in subdivision 2 and if no action is pending regarding custody or visitation, the sentencing court shall refer the matter to the appropriate family court for action under this section. The family court shall:*

- (1) grant temporary custody to the noncustodial parent, unless it finds that another custody arrangement is in the best interests of the child; or*
- (2) suspend visitation rights, unless it finds that visitation with the convicted person is in the best interests of the child.*

*The family court shall expedite proceedings under this section. The defendant has the burden of proving that continued custody or visitation with the defendant is in the best interests of the child. If the victim of the crime was a family or household member as defined in section 518B.01, subdivision 2, the standard of proof is clear and convincing evidence.*

*(b) If a person who has child custody or visitation rights was convicted of a crime listed in subdivision 2 before July 1, 1990, then any interested party may petition the sentencing court for relief under paragraph (a) if:*

- (1) the defendant is currently incarcerated, on probation, or under supervised release for the offense; or*
- (2) the victim of the crime was a family or household member as defined in section 518B.01, subdivision 2.*

*Subd. 2. [APPLICATION.] Subdivision 1 applies to the following crimes or similar crimes under the laws of the United States or any other state:*

- (1) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;*

- (2) *manslaughter in the first degree under section 609.20;*
- (3) *assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;*
- (4) *kidnapping under section 609.25;*
- (5) *depriving another of custodial or parental rights under section 609.26;*
- (6) *soliciting, inducing, or promoting prostitution involving a minor under section 609.322;*
- (7) *receiving profit from prostitution involving a minor under section 609.323;*
- (8) *criminal sexual conduct in the first degree under section 609.342;*
- (9) *criminal sexual conduct in the second degree under section 609.343;*
- (10) *criminal sexual conduct in the third degree under section 609.344, subdivision 1, paragraph (c), (f), or (g);*
- (11) *solicitation of a child to engage in sexual conduct under section 609.352;*
- (12) *incest under section 609.365;*
- (13) *malicious punishment of a child under section 609.377; or*
- (14) *neglect of a child under section 609.378.*

Sec. 24. [FEDERAL WAIVER.]

*The department of human services shall seek from the Congress of the United States or the United States Department of Health and Human Services a change in or waiver of existing requirements of the aid to families with dependent children program (AFDC) to the extent necessary to allow the retroactive modification of support or maintenance payments permitted by section 22, paragraph (c). The attorney general shall prepare the necessary documentation and request letter for the waiver request.*

Sec. 25. [APPROPRIATION.]

*\$890,000 is appropriated from the general fund to the supreme court to be distributed under Minnesota Statutes, section 480.242, to the qualified legal services programs described in section 480.242, subdivision 2, paragraph (a), to improve the access of low-income clients to legal representation in family law matters.*

Sec. 26. [EFFECTIVE DATE.]

*Section 20 is effective August 1, 1990, and applies to actions commenced on or after that date. The provisions of section 22, paragraph (c), allowing retroactive modification of support or maintenance payments in certain cases, are effective July 1, 1991, provided that these provisions do not take effect if a change in or waiver of the existing AFDC requirements is not obtained under section 24."*

Delete the title and insert:

*"A bill for an act relating to family law; regulating child support, custody and visitation in dissolution and other proceedings; providing for suspension of visitation rights or change of custody when a parent has been convicted of certain crimes; requiring expedited hearings of visitation motions alleging that a child is in danger of harm and providing for supervised or*



restricted visitation; modifying dissolution statistical reporting requirements; modifying standards for joint legal custody; requiring specific findings supporting joint custody in certain cases; requiring certain findings about taxes; providing for the award of temporary attorney fees; providing for funding of legal representation in family law matters; increasing marriage dissolution filing fees and civil filing fees surcharge; appropriating money; amending Minnesota Statutes 1988, sections 144.224; 257.025; 257.541, subdivision 2; 518.003, subdivision 3, and by adding a subdivision; 518.131, subdivisions 1 and 7; 518.14; 518.156; 518.167, subdivision 2; 518.18; 518.551, subdivision 5; 518.57, subdivision 1; 518.619; Minnesota Statutes 1989 Supplement, sections 357.021, subdivision 2; 480.241, subdivision 1; 518.17, subdivisions 1 and 2; 518.175, subdivision 5; and 518.64, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 518; and 631."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Randy C. Kelly, Kathleen Vallenga, Bill Macklin, Kathleen Blatz, Jerry Janezich

Senate Conferees: (Signed) Allan H. Spear, John E. Brandl, Ember D. Reichgott, Fritz Knaak

Mr. Spear moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1855 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. 1855 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 4, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Laidig	Morse	Reichgott
Anderson	Decker	Langseth	Novak	Renneke
Beckman	DeCramer	Lantry	Olson	Schmitz
Belanger	Frederick	Larson	Pariseau	Solon
Benson	Frederickson, D.J.	Marty	Pehler	Spear
Berg	Freeman	McGowan	Peterson, R. W.	Storm
Bernhagen	Hughes	McQuaid	Piepho	Stumpf
Bertram	Johnson, D.E.	Metzen	Piper	Vickerman
Brataas	Knaak	Moe, D.M.	Pogemiller	Waldorf
Cohen	Knutson	Moe, R.D.	Ramstad	

Ms. Berglin, Mr. Dicklich, Ms. Flynn and Mr. Johnson, D.J. 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 the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 1973, 1925 and 2030.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 394, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 394: A bill for an act relating to education; requiring a report on preparation of post-secondary education administrators and faculty.

Senate File No. 394 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 2621, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2621: 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 1988, sections 13.46, subdivision 5; 144A.073, by adding a subdivision; 245A.07, subdivision 3; 245A.08, subdivision 3; 245A.16, subdivision 4; 254B.04, subdivision 1; 254B.08; 256.736, subdivision 3a; 256.936, by adding a subdivision; 256B.04, subdivisions 15 and 16; 256B.055, subdivisions 3, 5, 6, and 12; 256B.056, subdivisions 2 and 7, and by adding a subdivision; 256B.0625, subdivisions 4, 5, 9, and by adding subdivisions; 256B.091, subdivisions 4 and 6; 256B.092, subdivisions 1a and 1b, and by adding subdivisions; 256B.15; 256B.19, by adding a subdivision; 256B.431, subdivision 3e, and by adding subdivisions; 256B.48, subdivision 2, and by adding a subdivision; 256B.49, by adding a subdivision; 256B.50, subdivisions 1 and 1b; 256B.501, subdivision 3e, and by adding a subdivision; 256B.69, subdivision 3; 256D.03, subdivision 7; 256E.06, subdivisions 2 and 7; 256H.01, by adding subdivisions; 518.171, subdivisions 1, 3, 4, and 7; 518.54, by adding subdivisions; 518.551, subdivisions 1 and 5; 518.611, subdivisions 1, 2, 8, and 8a, and by adding a subdivision; 518C.02, by adding subdivisions; 518C.03; 518C.05; 518C.09; 518C.12; and 518C.27, subdivision 1; Minnesota Statutes 1988, section 252.27, as amended by Laws 1989, chapter 282, article 2, section 92; Minnesota Statutes 1989 Supplement, sections 144.50, subdivision 6; 245.470, subdivision 1; 245.488, subdivision 1; 245A.02, subdivision 6a; 245A.03, subdivision 2; 245A.04, subdivisions 3, 3a, and 3b; 245A.12; 245A.13; 245A.16, subdivision 1; 252.46, subdivisions 1, 2, 3, 4, and 12; 254B.03, subdivision 4; 256.736, subdivision 16; 256.74, subdivision 1; 256.936, subdivision 1; 256.969, subdivisions 2c and 6a; 256.9695, subdivisions 1 and 3; 256B.055, subdivision 7; 256B.056, subdivisions 3 and 4; 256B.057, subdivisions 1 and 2, and by adding subdivisions; 256B.0575; 256B.059, subdivisions 4 and 5; 256B.0595, subdivisions 1, 2, and 4; 256B.0625, subdivision 13; 256B.091, subdivision 8; 256B.14; 256B.431,

subdivision 2b; 256B.495, subdivision 1; 256B.69, subdivision 16; 256D.03, subdivisions 3, 4, and 6; 256D.425, subdivision 3; 256H.03, subdivisions 2, 2a, and 2b; 256H.05, subdivisions 1b, 1c, 2, and 5; 256H.08; 256H.15, subdivisions 1 and 2; 256I.05, subdivisions 1 and 7; 257.57, subdivision 1; 518.551, subdivision 10; 518.611, subdivision 4; and 518.613, subdivision 2; Laws 1988, chapter 689, article 2, section 256; Laws 1989, chapter 282, article 3, section 98, subdivisions 4 and 5; proposing coding for new law in Minnesota Statutes, chapters 60A; 144; 245A; 252; 254A; 256; and 256B; repealing Minnesota Statutes 1988, sections 256.736, subdivision 8; 256B.0625, subdivision 2; 256B.431, subdivisions 3, 3b, 3c, and 3d; and 256B.50, subdivision 2; Minnesota Statutes 1989 Supplement, sections 256.736, subdivision 15; 256B.055, subdivision 8; and 256B.431, subdivisions 3a and 3f.

Senate File No. 2621 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

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. 1854, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1854 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 23, 1990

#### **CONFERENCE COMMITTEE REPORT ON H.F. NO. 1854**

A bill for an act relating to real estate; validating certain cancellation of contracts; validating certain conveyances by religious corporations; allowing county boards to set certain fees charged by the examiner of titles; providing for the effect of dissolution on joint tenancy; permitting the filing of summaries of dissolution judgments in real estate filings; clarifying provisions on certain liens by reordering clauses; amending Minnesota Statutes 1988, sections 287.01, by adding a subdivision; 500.19, subdivision 5; and 514.12, subdivision 3; Minnesota Statutes Second 1989 Supplement, section 508A.82; proposing coding for new law in Minnesota Statutes, chapters 315, 518, and 559; repealing Minnesota Statutes 1988, section 580.031.

April 19, 1990

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. 1854, 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. 1854 be further amended as follows:

Page 2, after line 5, insert:

"Sec. 3. Minnesota Statutes 1989 Supplement, section 487.30, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraph (b), the conciliation court shall hear and determine civil claims if the amount of money or property which is the subject matter of the claim does not exceed \$3,500 for the determination thereof without jury trial and by a simple and informal procedure. The rules of the supreme court shall provide for a right of appeal from the decision of the conciliation court to the county court for a trial on the merits. The territorial jurisdiction of a conciliation court shall be coextensive with the county in which the court is established.

(b) If the claim involves a consumer credit transaction, the amount of money or property that is the subject matter of the claim may not exceed ~~\$2,000~~ \$2,500. "Consumer credit transaction" means a sale of personal property, or a loan arranged to facilitate the purchase of personal property, in which:

(1) credit is granted by a seller or a lender who regularly engages as a seller or lender in credit transactions of the same kind;

(2) the buyer is a natural person;

(3) the claimant is the seller or lender in the transaction; and

(4) the personal property is purchased primarily for a personal, family, or household purpose and not for a commercial, agricultural, or business purpose."

Page 7, after line 8, insert:

"Sec. 10. Laws 1989, chapter 344, section 13, subdivision 1, is amended to read:

Sec. 13. [CONCILIATION COURT JURISDICTION AMOUNTS.]

Subdivision 1. [INCREASE IN LIMITS.] The conciliation court jurisdictional limits provided in sections 1, 2, 5, 6, 9, and 10, *other than the \$2,500 limit for actions involving consumer credit transactions*, shall increase to \$4,000 on July 1, 1990."

Page 7, after line 16, insert:

"Section 3 is effective July 1, 1990."

Page 7, line 17, delete "Section 9 is" and insert "Sections 10 and 11 are"

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 2, delete "real estate" and insert "public administration"

Page 1, line 10, after the semicolon insert "regulating conciliation court jurisdiction limits;"

Page 1, line 12, after the second semicolon insert "Minnesota Statutes

1989 Supplement, section 487.30, subdivision 1;”

Page 1, line 13, after the semicolon insert “Laws 1989, chapter 344, section 13, subdivision 1;”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Thomas W. Pugh, Randy C. Kelly, Bill Macklin

Senate Conferees: (Signed) Randolph W. Peterson, William P. Luther, Fritz Knaak

Mr. Peterson, R. W. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1854 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. 1854 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	Knaak	Moe, R.D.	Reichgott
Anderson	Decker	Knutson	Morse	Renneke
Beckman	DeCramer	Laidig	Novak	Schmitz
Belanger	Dicklich	Langseth	Olson	Solon
Benson	Flynn	Lantry	Pariseau	Spear
Berg	Frederick	Larson	Pehler	Storm
Berglin	Frederickson, D.J.	Luther	Peterson, R. W.	Stumpf
Bernhagen	Frederickson, D.R.	Marty	Piepho	Vickerman
Bertram	Hughes	McGowan	Piper	
Brataas	Johnson, D.E.	McQuaid	Pogemiller	
Cohen	Johnson, D.J.	Moe, D.M.	Rainstad	

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. 1813: A bill for an act relating to human services; amending the Medicare certification requirement for nursing homes; amending Minnesota Statutes 1989 Supplement, section 256B.48, subdivision 6.

Senate File No. 1813 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

Ms. Berglin moved that the Senate do not concur in the amendments by the House to S.F. No. 1813, 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.

### 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. 2704: Messrs. Freeman; Peterson, R.W. and Belanger.

S.F. No. 1813: Ms. Berglin, Messrs. Samuelson and Knutson.

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

### MEMBERS EXCUSED

Messrs. Diessner and Mehrkens were excused from the Session of today. Mr. Freeman was excused from the Session of today from 12:00 noon to 2:00 p.m. Mr. Renneke was excused from the Session of today from 1:45 to 2:20 p.m. Mr. Purfeerst was excused from the Session of today from 12:00 noon to 1:30 p.m. and at 5:00 p.m. Mr. Chmielewski was excused from the Session of today at 2:30 p.m. Mr. Knaak was excused from the Session of today at 7:35 to 9:00 p.m. Mr. Gustafson was excused from the Session of today from 8:30 to 9:15 p.m. Ms. Reichgott was excused from the Session of today from 8:00 to 9:00 p.m. Mr. Peterson, R.W. was excused from the Session of today from 11:20 p.m. to 12:30 a.m. Mr. Dahl was excused from the Session of today at 12:45 a.m. Mr. Frank was excused from the Session of today at 1:00 a.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 1:00 p.m., Tuesday, April 24, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## NINETY-FIFTH DAY

St. Paul, Minnesota, Tuesday, April 24, 1990

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

### CALL OF THE SENATE

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

The President declared a quorum present.

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

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Cohen moved that the following members be excused for a Conference Committee on S.F. No. 2421 at 1:40 p.m.:

Messrs. Laidig, Luther and Cohen. 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. 2177 at 1:40 p.m.:

Messrs. Belanger, Marty and Spear. The motion prevailed.

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 23, 1990

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. 1725 and 2207.

Sincerely,  
Rudy Perpich, Governor

April 23, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F No.	H.F No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
1725		501	1040 hours April 23	April 23

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 24, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F No.	H.F No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
	1913	464		April 23
2207		474	2114 hours April 23	April 23
	1928	485	2056 hours April 23	April 23

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. 2216: A bill for an act relating to occupations and professions; specifying requirements for membership of the board of medical examiners; containing procedural requirements for disciplinary actions; applying reporting requirements to other entities that provide professional liability coverage to physicians; amending Minnesota Statutes 1988, sections 147.01, subdivisions 1, 3, and 4; 147.09; 147.111, subdivision 5; repealing Minnesota Statutes 1988, sections 147.171; 147.24; 147.25; 147.26; 147.27; 147.28; 147.29; 147.30; 147.31; 147.32; 147.33; and Laws 1988, chapter 557, section 6.

Senate File No. 2216 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

**CONCURRENCE AND REPASSAGE**

Ms. Piper moved that the Senate concur in the amendments by the House to S.F. No. 2216 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2216 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 45 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	McGowan	Pogemiller
Anderson	Davis	Johnson, D.J.	McQuaid	Purfeerst
Beckman	Decker	Knutson	Moe, R.D.	Ramstad
Belanger	DeCramer	Kroening	Novak	Renneke
Berglin	Flynn	Laidig	Olson	Schmitz
Bernhagen	Frank	Lantry	Pariseau	Spear
Bertram	Frederick	Larson	Pehler	Storm
Brataas	Gustafson	Luther	Piepho	Stumpf
Chmielewski	Hughes	Marty	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. 409: A bill for an act relating to employment; providing for certain employee leaves of absences; amending Minnesota Statutes 1988, sections 181.940; 181.941; 181.942; 181.943; and 181.944; proposing coding for new law in Minnesota Statutes, chapter 181.

Senate File No. 409 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

### CONCURRENCE AND REPASSAGE

Ms. Piper moved that the Senate concur in the amendments by the House to S.F. No. 409 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 409 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 45 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knaak	McGowan	Piper
Anderson	DeCramer	Knutson	McQuaid	Pogemiller
Beckman	Dicklich	Kroening	Metzen	Purfeerst
Berglin	Flynn	Laidig	Novak	Ramstad
Bernhagen	Frank	Lantry	Olson	Renneke
Bertram	Frederick	Larson	Pariseau	Schmitz
Brataas	Hughes	Lessard	Pehler	Storm
Chmielewski	Johnson, D.E.	Luther	Peterson, R. W.	Stumpf
Davis	Johnson, D.J.	Marty	Piepho	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. 1400: A bill for an act relating to probate; providing right to counsel in certain guardianship and conservatorship proceedings; proposing coding for new law in Minnesota Statutes, chapter 525.

Senate File No. 1400 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

### CONCURRENCE AND REPASSAGE

Mr. Ramstad moved that the Senate concur in the amendments by the House to S.F. No. 1400 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1400 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	Decker	Johnson, D.J.	McQuaid	Pogemiller
Anderson	DeCramer	Knaak	Metzen	Purfeerst
Beckman	Dicklich	Knutson	Novak	Ramstad
Berglin	Flynn	Kroening	Olson	Renneke
Bernhagen	Frank	Laidig	Pariseau	Schmitz
Bertram	Frederick	Lantry	Pehler	Storm
Brataas	Gustafson	Larson	Peterson, R. W.	Stumpf
Chmielewski	Hughes	Lessard	Piepho	Vickerman
Davis	Johnson, D.E.	McGowan	Piper	

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

## MOTIONS AND RESOLUTIONS

S.F. No. 2018 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2018

A bill for an act relating to lawful gambling; defining lawful purposes for expenditures of gambling profits; establishing licensing qualifications for organizations and manufacturers; requiring organizations to report monthly on expenditures and contributions of gambling profits; authorizing the gambling control board to require recipients of contributions of gambling profits to register with the board; authorizing summary suspension of gambling licenses for failure to file tax returns; authorizing a limited number of video pull-tab devices and establishing standards and requirements for them; requiring inspection and testing of gambling equipment; requiring permits for gambling premises; requiring gambling managers to be licensed; requiring that employees of organizations conducting lawful gambling be registered with the board; requiring local gambling taxes and prescribing uses for revenue therefrom; appropriating money; amending Minnesota Statutes 1988, sections 349.12, subdivisions 10, 18, and by adding subdivisions; 349.16, as amended; 349.17, as amended; 349.18, as amended; 349.19, as amended; 349.211, by adding a subdivision; 349.212, subdivision 5; 349.2121, subdivisions 1 and 4a; 349.2123; 349.2125, subdivision 4; 349.2127, subdivisions 1, 3, and by adding subdivisions; 349.30, subdivision 2; 349.31; 349.32; 349.34; 349.35, subdivision 1; 349.36; 349.38; 349.39; 349.50, subdivision 8; 349.52, by adding a subdivision; 349.59, subdivision 1; 349.55; 609.75, subdivision 4; Minnesota Statutes 1989 Supplement, sections 299L.03, by adding a subdivision; 349.12, subdivisions 12 and 15; 349.151, subdivision 4, and by adding a subdivision; 349.152, subdivision 2, and by adding subdivisions; 349.161, as amended; 349.162; 349.163, as amended; 349.164; 349.2121, subdivision 2; 349.2122; 349.213; Minnesota Statutes Second 1989 Supplement, sections 349.12, subdivisions 11 and 19; 349.15; 349.212, subdivisions 1, 2, and 4; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and 5; 349.22, subdivision 1; 349.501, subdivision 1; 349.502, subdivision 1; 609.76, subdivision 1; Laws 1989, First Special Session chapter 1, article 13, section 27; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 1988, sections 349.14; 349.214, subdivisions 1, 1a, 3, and 4; Minnesota Statutes 1989 Supplement, sections 349.151, subdivision 4a; 349.20; 349.21; 349.22, subdivision 3; Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2.

April 20, 1990

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. 2018, 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. 2018 be further amended as follows:

Delete everything after the enacting clause and insert:

#### “ARTICLE 1

#### REGULATORY PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 299L.03, is amended by adding a subdivision to read:

*Subd. 9. [VIDEO GAMES OF CHANCE.] The commissioner shall exercise all powers and duties assigned to the commissioner relating to video games of chance under sections 349.50 to 349.60 through the division and director.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 299L.03, is amended by adding a subdivision to read:

*Subd. 10. [FINGERPRINTING.] The director may require that any: (1) licensee under sections 349.11 to 349.23, (2) employee of such a licensee, or (3) shareholder or officer of such a licensee be fingerprinted by the director, or otherwise submit to fingerprinting in a form and manner acceptable to the director.*

Sec. 3. [299L.06] [JURISDICTION.]

*In any investigation or other enforcement activity where there is probable cause to believe that a criminal violation relating to gambling has occurred, except a violation relating only to taxation, the division rather than any other state department, agency, or office shall be the primary investigation entity where enforcement rests.*

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 349.12, subdivision 11, is amended to read:

Subd. 11. (a) “Lawful purpose” means one or more of the following:

~~(1) benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded;~~

~~(2) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures;~~

~~(3) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people;~~

(4) payment of local taxes authorized under this chapter, and taxes imposed by the United States on receipts from lawful gambling;

(5) any expenditure by, or any contribution to, a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code;

(6) payment of reasonable costs incurred in complying with the performing of annual audits required under section 349.19, subdivision 9;

(7) payment of real estate taxes and assessments on licensed gambling premises wholly owned by the licensed organization; or

(8) if approved by the board, construction, improvement, expansion, maintenance, and repair of athletic fields and outdoor ice rinks and their appurtenances, owned by the organization or a public agency.

(b) "Lawful purpose" does not include the erection, acquisition, improvement, expansion, repair, or maintenance of any real property or capital assets owned or leased by an organization, other than a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code, unless the board has first specifically authorized the expenditures after finding: (1) that the property or capital assets will be used exclusively for one or more of the purposes specified in paragraph (a), clauses (1) to (3); or (2) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; or (3) with respect to expenditures for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance. The board shall by rule adopt procedures and standards to administer this subdivision.

*(1) any expenditure by or contribution to a 501(c)(3) organization, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 16;*

*(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;*

*(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome, or a contribution to a recognized program for the treatment of compulsive gambling on behalf of an individual who is a compulsive gambler;*

*(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;*

*(5) a contribution to a scholarship fund for defraying the cost of education to individuals, where the funds are awarded through an open and fair selection process;*

*(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board;*

*(7) recreational, community, and athletic facilities and activities intended*

primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender, as evidenced by (i) provision of equipment and supplies, (ii) scheduling of activities, including games and practice times, (iii) supply and assignment of coaches or other adult supervisors, (iv) provision and availability of support facilities, and (v) whether the opportunity to participate reflects each gender's demonstrated interest in the activity, provided that nothing in this clause prohibits a contribution to or expenditure on an educational institution or other entity that is excepted from the prohibition against discrimination based on sex contained in the Higher Education Act Amendments of 1976, United States Code, title 20, section 1681;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the tax imposed by section 349.212, subdivisions 1 and 4, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on licensed gambling premises wholly owned by the licensed organization paying the taxes, not to exceed the amount which an organization may expend under board rule on rent for premises used for lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency; or

(11) a contribution to or expenditure by a nonprofit organization, church, or body of communicants, gathered in common membership for mutual support and edification in piety, worship, or religious observances.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, except as provided in clause (6), unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; or (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would

otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) the erection, acquisition, improvement, or expansion of real property or capital assets which will be used for one or more of the purposes in paragraph (a), clause (7), unless the organization making the expenditures notifies the board at least 15 days before making the expenditure.

Sec. 5. Minnesota Statutes 1989 Supplement, section 349.12, subdivision 12, is amended to read:

Subd. 12. [ORGANIZATION.] "Organization" means any fraternal, religious, veterans, or other nonprofit organization ~~which has at least 15 active members, and either has been duly incorporated as a nonprofit organization for at least three years, or has been recognized by the Internal Revenue Service as exempt from income taxation for the most recent three years.~~

Sec. 6. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 30. [501(c)(3) ORGANIZATION.] "501(c)(3) organization" is an organization exempt from the payment of federal income taxes under section 501(c)(3) of the Internal Revenue Code.

Sec. 7. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 31. [AFFILIATE.] "Affiliate" is any person or entity directly or indirectly controlling, controlled by, or under common control or ownership with a licensee of the board or any officer or director of a licensee of the board.

Sec. 8. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 32. [PERSON.] "Person" is an individual, firm, association, partnership, corporation, trustee, or legal representative.

Sec. 9. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 34. [FLARE.] "Flare" is the posted display, with registration stamp affixed, that sets forth the rules of a particular game of pull-tabs or tipboards, and that is associated with a specific deal of pull-tabs or grouping of tipboards.

Sec. 10. Minnesota Statutes Second 1989 Supplement, section 349.15,

is amended to read:

349.15 [USE OF GROSS PROFITS.]

(a) Gross profits from lawful gambling may be expended only for lawful purposes or allowable expenses as authorized at a regular meeting of the conducting organization. Provided that no more than ~~55~~ 60 percent of the gross profit less the tax imposed under section 349.212, subdivision 1, from bingo, and no more than 50 percent of the gross profit less the ~~taxes~~ tax imposed by section 349.212, ~~subdivisions 1, 4, and subdivision 6,~~ from other forms of lawful gambling, may be expended for allowable expenses related to lawful gambling.

(b) The board shall provide by rule for the administration of this section, including specifying allowable expenses. The rules must specify that no more than one-third of the annual premium on a policy of liability insurance procured by the organization may be taken as an allowable expense. This expense shall be allowed by the board only to the extent that it relates directly to the conduct of lawful gambling and is verified in the manner the board prescribes by rule. The rules may provide a maximum percentage of gross profits which may be expended for certain expenses.

(c) Allowable expenses also include reasonable costs of bank account service charges, and the reasonable costs of an audit required by the board, except an audit required under section 349.19, subdivision 9.

(d) Allowable expenses include reasonable legal fees and damages that relate to the conducting of lawful gambling, except for legal fees or damages incurred in defending the organization against the board, attorney general, United States attorney, commissioner of revenue, or a county or city attorney.

Sec. 11. Minnesota Statutes 1989 Supplement, section 349.151, is amended by adding a subdivision to read:

*Subd. 3. [COMPENSATION.] The compensation of board members is as provided in section 15.0575, subdivision 3.*

Sec. 12. Minnesota Statutes 1989 Supplement, section 349.151, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The board has the following powers and duties:

(1) *to regulate lawful gambling to ensure it is conducted in the public interest;*

(2) *to issue, revoke, and suspend licenses to organizations, distributors, bingo halls, and manufacturers under sections 349.16, 349.161, 349.163, and 349.164, and gambling managers;*

~~(2)~~ (3) *to collect and deposit license, permit, and registration fees due under this chapter;*

~~(3)~~ (4) *to receive reports required by this chapter and inspect the all premises, records, books, and other documents of organizations and suppliers, distributors, manufacturers, and bingo halls to insure compliance with all applicable laws and rules;*

~~(4)~~ (5) *to make rules required authorized by this chapter;*

~~(5)~~ (6) *to register gambling equipment and issue registration stamps under section 349.162;*



~~(6)~~ (7) 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)~~ (8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;

~~(8)~~ (9) to impose civil penalties of not more than \$500 per violation on organizations, distributors, ~~and~~ manufacturers, bingo halls, and gambling managers for failure to comply with any provision of sections 349.12 to 349.23 this chapter or any rule of the board;

~~(9)~~ to notify city councils, county boards, and town boards before issuing or renewing licenses to organizations and bingo halls as specified under section 349.213; and

(10) to issue premises permits to organizations licensed to conduct lawful gambling;

(11) to delegate to the director the authority to issue licenses and premises permits under criteria established by the board;

(12) to suspend or revoke licenses and premises permits of organizations, distributors, manufacturers, bingo halls, or gambling managers as provided in this chapter;

(13) to register recipients of net profits from lawful gambling and to revoke or suspend the registrations;

(14) to register employees of organizations licensed to conduct lawful gambling;

(15) to require fingerprints from persons determined by board rule to be subject to fingerprinting; and

(16) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

(b) Any organization, distributor, bingo hall operator, or manufacturer assessed a civil penalty may request a hearing before the board. Hearings conducted on appeals of imposition of penalties are not subject to the provisions of the administrative procedure act.

(c) All fees and penalties received by the board must be deposited in the general fund.

Sec. 13. Minnesota Statutes 1989 Supplement, section 349.152, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF THE DIRECTOR.] The director has the following duties:

(1) to carry out gambling policy established by the board;

(2) to employ and supervise personnel of the board;

(3) to advise and make recommendations to the board on rules;

(4) to issue licenses and premises permits as authorized by the board;

(5) to issue cease and desist orders;

(6) to make recommendations to the board on license issuance, denial, suspension and revocation, and civil penalties the board imposes; and

(7) to ensure that board rules, policy, and decisions are adequately and accurately conveyed to the board's licensees.

Sec. 14. Minnesota Statutes 1989 Supplement, section 349.152, is amended by adding a subdivision to read:

*Subd. 3. [CEASE AND DESIST ORDERS.] Whenever it appears to the director that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule:*

*(a) The director has the power to issue and cause to be served upon the person an order requiring the person to cease and desist from violations of this chapter. The order must give reasonable notice of the rights of the person to request a hearing and must state the reason for the entry of the order. A hearing shall be held not later than seven days after the request for the hearing is received by the board after which and within 20 days of the date of the hearing the board shall issue an order vacating the cease and desist order or making it permanent as the facts require. All hearings shall be conducted in accordance with the provisions of 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 shall be deemed in default, and the proceeding may be determined against the person upon consideration of the cease and desist order, the allegations of which may be deemed to be true.*

*(b) The board may bring an action in the district court in the appropriate county to enjoin the acts or practices and to enforce compliance with this chapter or any rule and may refer the matter to the attorney general. Upon a proper showing, a permanent or temporary injunction, restraining order, or writ of mandamus shall be granted. The court may not require the board to post a bond.*

Sec. 15. Minnesota Statutes 1989 Supplement, section 349.152, is amended by adding a subdivision to read:

*Subd. 4. [EXECUTIVE ASSISTANT.] The director may appoint an executive assistant to the director, who is in the unclassified service.*

Sec. 16. [349.154] [EXPENDITURE OF NET PROFITS FROM LAWFUL GAMBLING.]

*Subdivision 1. [STANDARDS FOR CERTAIN ORGANIZATIONS.] The board shall by rule prescribe standards that must be met by any licensed organization that is a 501(c)(3) organization. The standards must provide:*

*(1) operating standards for the organization, including a maximum percentage or percentages of the organization's total expenditures that may be expended for the organization's administration and operation; and*

*(2) standards for any expenditure by the organization of net profits from lawful gambling, including a requirement that the expenditure be related to the primary purpose of the organization.*

*Subd. 2. [NET PROFIT REPORTS.] (a) Each licensed organization must report monthly to the board on a form prescribed by the board each expenditure and contribution of net profits from lawful gambling. The reports must provide for each expenditure or contribution:*

*(1) the name, address, and telephone number of the recipient of the expenditure or contribution;*

(2) the date the contribution was approved by the organization;

(3) the date, amount, and check number of the expenditure or contribution; and

(4) a brief description of how the expenditure or contribution meets one or more of the purposes in section 349.12, subdivision 11, paragraph (a).

(b) Each report required under paragraph (a) must be accompanied by an acknowledgment, on a form the board prescribes, of each contribution of net profits from lawful gambling included in the report. The acknowledgment must be signed by the recipient of the contribution, or, if the recipient is not an individual, or other authorized representative of the recipient, by an officer. The acknowledgment must include the name and address of the contributing organization and each item in paragraph (a), clauses (1) to (3).

(c) The board shall provide the commissioners of revenue and public safety copies of each report received under this subdivision.

**Subd. 3. [REGISTRATION OF LAWFUL GAMBLING NET PROFIT RECIPIENTS.]** The board may by rule require that any individual, organization, or other entity must be registered with the board to receive a contribution of net profits from lawful gambling. The rules may designate and define specific categories of recipients that are subject to registration. The board may suspend or revoke the registration of any recipient the board determines has made an unlawful expenditure of net profits from lawful gambling.

Sec. 17. Minnesota Statutes 1988, section 349.16, as amended by Laws 1989, chapter 334, article 2, sections 20 and 21, and Laws 1989, First Special Session chapter 1, article 13, section 8, is amended to read:

#### 349.16 [ORGANIZATION LICENSES.]

**Subdivision 1. [LICENSE REQUIRED.]** An organization may conduct lawful gambling if it has a license to conduct lawful gambling and complies with this chapter.

**Subd. 2. [ISSUANCE OF GAMBLING LICENSES.]** (a) Licenses authorizing organizations to conduct lawful gambling may be issued by the board to organizations meeting the qualifications of ~~section 349.14~~, in paragraphs (b) to (h) if the board determines that the license is consistent with the purpose of sections 349.11 to 349.22.

(b) The organization must have been in existence for the most recent three years preceding the license application as a registered Minnesota nonprofit corporation or as an organization designated as exempt from the payment of income taxes by the Internal Revenue Code.

(c) The organization at the time of licensing must have at least 15 active members.

(d) The organization must not be in existence solely for the purpose of conducting gambling.

(e) The organization must not have as an officer or member of the governing body any person who, within the five years before the issuance of the license, has been convicted in a federal or state court of a felony or gross misdemeanor or who has ever been convicted of a crime involving gambling or who has had a license issued by the board or director revoked

for a violation of law or board rule.

(f) *The organization has identified in its license application the lawful purposes on which it proposes to expend net profits from lawful gambling.*

(g) *The organization has identified on its license application a gambling manager and certifies that the manager is qualified under this chapter.*

(h) *The organization must not, in the opinion of the board after consultation with the commissioner of revenue, be seeking licensing primarily for the purpose of evading or reducing the tax imposed by section 349.212, subdivision 6.*

*Subd. 3. [TERM OF LICENSE: SUSPENSION AND REVOCATION.] Licenses issued under this section are valid for one year and may be suspended by the board for a violation of law or board rule or revoked for what the board determines to be a ~~pattern of willful violations~~ violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.*

~~*Subd. 1a. [RESTRICTIONS ON LICENSE ISSUANCE.] On and after October 1, 1989, the board shall not issue an initial license to any organization if the board, in consultation with the department of revenue, determines that the organization is seeking licensing for the primary purpose of evading or reducing the tax imposed by section 349.212, subdivision 6.*~~

*Subd. 2 4. [APPLICATION.] All applications for a license under this section must be on a form prescribed by the board. The board may require the applying organization to submit a copy of its articles of incorporation and other documents it deems necessary.*

*Subd. 5. [RENEWALS.] The board shall not renew a license issued under this section unless it determines that the organization is in compliance with all laws and rules governing lawful gambling and is not delinquent in filing tax returns or paying taxes required under this chapter. The board may delegate to the director the authority to make determinations required under this subdivision.*

*Subd. 3 6. [FEES.] The board may issue four classes of organization licenses: a class A license authorizing all forms of lawful gambling; a class B license authorizing all forms of lawful gambling except bingo; a class C license authorizing bingo only; and a class D license authorizing raffles only. The annual license fee for each class of license is:*

- (1) \$200 for a class A license;*
- (2) \$125 for a class B license;*
- (3) \$100 for a class C license; and*

*(4) \$75 for a class D license board shall not charge a fee for an organization license.*

*Subd. 7. [PURCHASE OF GAMBLING EQUIPMENT.] An organization may purchase gambling equipment only from a person licensed as a distributor.*

*Subd. 4 8. [LOCAL INVESTIGATION FEE.] A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations or bingo halls applying for or renewing a license to conduct lawful gambling or operate a bingo hall. An*

investigation fee may not exceed the following limits:

- (1) for cities of the first class, \$500;
- (2) for cities of the second class, \$250;
- (3) for all other cities, \$100; and
- (4) for counties, \$375.

Sec. 18. Minnesota Statutes 1989 Supplement, section 349.161, as amended by Laws 1989, First Special Session chapter 1, article 13, section 9, is amended to read:

349.161 [DISTRIBUTOR LICENSES.]

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for lawful gambling exempt or excluded from licensing under section 349.214, except to an organization licensed for lawful gambling;

(2) sell, offer for sale, or furnish gambling equipment to an organization licensed for lawful gambling without having obtained a distributor license under this section;

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

~~No licensed organization may purchase gambling equipment from any person not licensed as a distributor under this section.~~

Subd. 2. [LICENSE APPLICATION.] The board may issue licenses for the sale of gambling equipment to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11 to 349.22. Applications must be on a form the board prescribes.

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this section to a person, or to a corporation, firm, or partnership which has as an officer, director, other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor a person, who:

- (1) has ever been convicted of a felony within the past five years;
- (2) has ever been convicted of a felony involving fraud or misrepresentation or a crime involving gambling;
- (3) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;
- (4) is or has ever been engaged in an illegal business;
- (4) (5) owes \$500 or more in delinquent taxes as defined in section 270.72;

(5) (6) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or

(6) (7) after demand, has not filed tax returns required by the commissioner of revenue.

Subd. 4. [FEES.] The annual fee for a distributor's license is \$2,500.

Subd. 5. [PROHIBITION.] (a) No distributor, or employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, ~~distributor's~~ or any representative, agent, affiliate, or employee of a distributor, may be (1) involved ~~directly~~ in the operation conduct of lawful gambling ~~conducted~~ by an organization; (2) keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.

(c) No ~~manufacturer or~~ distributor or person acting as a any representative, agent, affiliate, or employee of a ~~manufacturer or~~ distributor may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor, ~~distributor's~~ or any representative, agent, affiliate, or employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased from that distributor is being used in the conduct of lawful gambling.

(e) No distributor, ~~distributor's~~ or any representative, agent, affiliate, or employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

(f) No distributor or any representative, agent, affiliate, or employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.

(g) No distributor may purchase gambling equipment from any person not licensed as a manufacturer under section 349.163.

(h) No distributor may sell gambling equipment to any person in Minnesota other than (i) a licensed organization or organization exempt from licensing, or (ii) the governing body of an Indian tribe.

Subd. 6. [REVOCATION AND SUSPENSION.] A license under this section may be suspended by the board for a violation of law or board rule ~~or~~. A license under this section may be revoked for failure to meet the qualifications in subdivision 3 at any time or ~~revoked for what the board determines to be a pattern of a willful violations~~ violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Subd. 7. [CRIMINAL HISTORY.] The board may request the assistance of the division of gambling enforcement in investigating the background of an applicant for a distributor's license and may reimburse the division of gambling enforcement for the costs thereof. The board has access to all criminal history data compiled by the division of gambling enforcement on licensees and applicants.

Subd. 8. [EMPLOYEES OF DISTRIBUTORS.] Licensed distributors shall provide the board upon request with the names and home addresses of all employees. Each distributor, *and* employee of a distributor, ~~or a person making sales of gambling equipment on behalf of a distributor~~ must have in their possession a picture identification card approved by the board. *No person other than an employee of a licensed distributor shall make any sales on behalf of a licensed distributor.*

Sec. 19. Minnesota Statutes 1989 Supplement, section 349.162, is amended to read:

349.162 [EQUIPMENT REGISTERED.]

Subdivision 1. [STAMP REQUIRED.] (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, organization, or distributor, and no person, organization, or distributor may purchase, borrow, accept, or acquire from a distributor gambling equipment unless the equipment has been registered with the board and has a registration stamp affixed. The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor is entitled to a refund for unused stamps and replacement for stamps which are defective or canceled by the distributor.

(b) *From January 1, 1991, to June 30, 1992, no distributor, organization, or other person may sell a pull-tab which is not clearly marked "For Sale in Minnesota Only."*

(c) *On and after July 1, 1992, no distributor, organization, or other person may sell a pull-tab which is not clearly marked "Manufactured in Minnesota For Sale in Minnesota Only."*

(d) *Paragraphs (b) and (c) do not apply to pull-tabs sold by a distributor to the governing body of an Indian tribe.*

Subd. 2. [RECORDS REQUIRED.] A distributor must maintain a record of all gambling equipment which it sells to organizations. The record must include:

(1) the identity of the person or firm from whom the ~~equipment was distributor~~ purchased the equipment;

(2) the registration number of the equipment;

(3) the name ~~and~~, address, *and* license or exempt permit number of the organization to which the sale was made;

(4) the date of the sale;

(5) the name of the person who ordered the equipment; ~~and~~

(6) the name of the person who received the equipment-;

(7) *the type of equipment;*

(8) *the serial number of the equipment;*

(9) *the name, form number, or other identifying information for each game; and*

(10) *in the case of bingo cards sold on and after January 1, 1991, the individual number of each card.*

The invoice for each sale must be retained for at least ~~two~~ 3-1/2 years after the sale is completed and a copy of each invoice is to be delivered to

the board in the manner and time prescribed by the board. For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

Each distributor must report monthly to the board, in a form the board prescribes, its sales of each type of gambling equipment. Employees of the division and the division of gambling enforcement may inspect the *business premises*, books, records, and other documents of a distributor at any reasonable time without notice and without a search warrant.

*The board may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer.*

Subd. 3. [EXEMPTION.] For purposes of this section, bingo cards or sheets need not be stamped.

Subd. 4. [PROHIBITION.] (a) No person other than a licensed distributor may possess unaffixed registration stamps ~~issued by the board~~.

(b) Unless otherwise provided in this chapter, no person may possess gambling equipment that has not been *stamped and registered with the board*.

(c) *On and after January 1, 1991, no distributor may:*

(1) *sell a bingo card that does not bear an individual number; or*

(2) *sell a package of bingo cards that does not contain bingo cards in numerical order.*

Subd. 5. [SALES FROM FACILITIES.] (a) All gambling equipment purchased or possessed by a licensed distributor for resale in Minnesota must, prior to the equipment's resale, be unloaded into a sales or storage facility located in Minnesota which the distributor owns or leases; and which has been registered, in advance and in writing, with the division of gambling enforcement as a sales or storage facility of the distributor's. All unregistered gambling equipment and all unaffixed registration stamps owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be stored at a sales or storage facility which has been registered with the division of gambling enforcement. No gambling equipment may be moved from the facility unless the gambling equipment has been first registered with the board.

(b) All sales and storage facilities owned, leased, used, or operated by a licensed distributor may be entered upon and inspected by the employees of the division of gambling enforcement or the director's authorized representatives during reasonable and regular business hours. Obstruction of, or failure to permit, entry and inspection is cause for revocation or suspension of a distributor's licenses and permits issued under this chapter.

(c) Unregistered gambling equipment and unaffixed registration stamps found at any location in Minnesota other than a registered sales or storage facility are contraband under section 349.2125. *This paragraph does not apply to unregistered gambling equipment being transported in interstate commerce between locations outside this state, if the interstate shipment is verified by a bill of lading or other valid shipping document.*

Subd. 6. [REMOVAL OF EQUIPMENT FROM INVENTORY.] *Authorized employees of the board, the division of gambling enforcement of the department of public safety, and the commissioner of revenue may remove*



*gambling equipment from the inventories of distributors and organizations and test that equipment to determine its compliance with all applicable laws and rules. A distributor or organization may return to the manufacturer thereof any gambling equipment which is determined to be in violation of law or rule. The cost to an organization of gambling equipment removed from inventory under this paragraph and found to be in compliance with all applicable law and rules is an allowable expense under section 349.15.*

Sec. 20. Minnesota Statutes 1989 Supplement, section 349.163, as amended by Laws 1989, First Special Session chapter 1, article 13, section 10, is amended to read:

349.163 [LICENSING OF MANUFACTURERS.]

Subdivision 1. [LICENSE REQUIRED.] No manufacturer of gambling equipment may sell any gambling equipment to any person unless the manufacturer has ~~been issued~~ *issued a current and valid license by the board under objective this section and other criteria prescribed by the board by rule.*

*A manufacturer licensed under this section may not also be directly or indirectly licensed as a distributor under section 349.161, unless the manufacturer (1) does not manufacture any gambling equipment other than paddlewheels, and (2) was licensed as both a manufacturer and distributor on May 1, 1990.*

Subd. 1a. [QUALIFICATIONS.] *A license may not be issued under this section to a person, or to a corporation, firm, or partnership that has as an officer, director, other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor, a person, who:*

- (1) has ever been convicted of a felony;*
- (2) has ever been convicted of a crime involving gambling;*
- (3) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;*
- (4) is or has ever been engaged in an illegal business;*
- (5) owes \$500 or more in delinquent taxes as defined in section 270.72;*
- (6) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or*
- (7) after demand, has not filed tax returns required by the commissioner of revenue.*

Subd. 1b. [APPLICATIONS; INFORMATION.] *An applicant for a manufacturer's license must list on the license application the names and addresses of all subsidiaries, affiliates, and branches in which the applicant has any form of ownership or control, in whole or in part, without regard to whether the subsidiary, affiliate, or branch does business in Minnesota.*

Subd. 2. [LICENSE; FEE.] *A license under this section is valid for one year. The annual fee for the license is \$2,500.*

Subd. 2a. [LICENSES; SUSPENSION, REVOCATION.] *The board may suspend a license under this section for a violation of law or board rule. The board may revoke a license under this section for (1) a willful violation of law or board rule, or (2) a conviction in another jurisdiction for a criminal violation that is related to gambling, or that would be a felony*

*or gross misdemeanor if committed in Minnesota.*

Subd. 3. [PROHIBITED SALES.] (a) A manufacturer may not:

(1) sell gambling equipment to any person not licensed as a distributor unless the manufacturer is also a licensed distributor; or

(2) sell gambling equipment to a distributor in this state that has the same serial number as another item of gambling equipment of the same type that is sold by that manufacturer for use in this state; or

(3) from January 1, 1991, to June 30, 1992, sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull-tab on which the manufacturer has not clearly printed the words "For Sale in Minnesota Only"; or

(4) on and after July 1, 1992, sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull-tab on which the manufacturer has not clearly printed the words "Manufactured in Minnesota For Sale In Minnesota Only"; or

(5) sell a pull-tab marked as required in paragraphs (3) and (4) to any person inside or outside the state, including the governing body of an Indian tribe, who is not a licensed distributor.

(b) On and after July 1, 1992, all pull-tabs sold by a licensed manufacturer to a person in Minnesota must be manufactured in Minnesota.

(c) A manufacturer, affiliate of a manufacturer, or person acting as a representative or agent of a manufacturer, may not provide a lessor of gambling premises or an appointed official any compensation, gift, gratuity, premium, contribution, or other thing of value.

Subd. 4. [INSPECTION OF MANUFACTURERS.] Employees of the division and the division of gambling enforcement may inspect the books, records, inventory, and ~~manufacturing operations~~ business premises of a licensed manufacturer without notice during the normal business hours of the manufacturer.

Subd. 5. [PULL-TAB AND TIPBOARD FLARES.] (a) A manufacturer may not ship or cause to be shipped into this state any deal of pull-tabs or tipboards that does not have its own individual flare as required for that deal by rule of the board. A person other than a manufacturer may not manufacture, alter, modify, or otherwise change a flare for a deal of pull-tabs or tipboards except as allowed by this chapter or board rules.

(b) The flare of each deal of pull-tabs and tipboards sold by a manufacturer in Minnesota must have the Minnesota gambling stamp affixed. The flare, with the stamp affixed, must be placed inside the wrapping of the deal which the flare describes.

(c) Each pull-tab and tipboard flare must bear the following statement printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers — This pull-tab (or tipboard) game is not legal in Minnesota unless:

— a Minnesota gambling stamp is affixed to this sheet, and

— the serial number handwritten on the gambling stamp is the same as the serial number printed on this sheet and on the pull-tab (or tipboard) ticket you have purchased."

(d) *The flare of each pull-tab and tipboard game must bear the serial number of the game, printed in numbers at least one-half inch high.*

(e) *The flare of each pull-tab and tipboard game must be imprinted at the bottom with a bar code that provides:*

- (1) the name of the game;*
- (2) the serial number of the game;*
- (3) the name of the manufacturer;*
- (4) the number of tickets in the deal;*
- (5) the odds of winning each prize in the deal; and*
- (6) other information the board by rule requires.*

*The serial number included in the bar code must be the same as the serial number of the tickets included in the deal. A manufacturer who manufactures a deal of pull-tabs must affix to the outside of the box containing that game the same bar code that is imprinted at the bottom of a flare for that deal.*

(f) *No person may alter the bar code that appears on the outside of a box containing a deal of pull-tabs and tipboards. Possession of a box containing a deal of pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.*

*Subd. 6. [SAMPLES OF GAMBLING EQUIPMENT.] The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures for sale in this state. The board shall inspect and test all the equipment it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is sold in this state. The board may request the assistance of the commissioner of public safety and the director of the state lottery division in performing the tests.*

*Subd. 7. [RECYCLED PAPER.] The board may, after January 1, 1991, by rule require that all pull-tabs sold in Minnesota be manufactured using recycled paper.*

Sec. 21. Minnesota Statutes 1989 Supplement, section 349.164, is amended to read:

#### 349.164 [BINGO HALL LICENSES.]

Subdivision 1. [LICENSE REQUIRED.] No person may lease a facility to more than one individual, corporation, partnership, or organization to conduct bingo without ~~having obtained~~ *a current and valid bingo hall license under this section; unless the lessor is a licensed organization.*

Subd. 2. [LICENSE APPLICATION.] The board may issue a bingo hall license to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11 to 349.22. Applications must be on a form the board prescribes. The board may not issue or renew a bingo hall license unless the conditions of section 349.213, subdivision 2, have been satisfied.

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this

section to a person, ~~or to a~~ organization, corporation, firm, or partnership that is not the legal owner of the facility, or to a person, organization, corporation, firm, or partnership which has as an officer, director, or other person in a supervisory or management position a person, who:

- (1) has ever been convicted of a felony ~~within the past five years~~;
- (2) has ever been convicted of a felony involving fraud or misrepresentation ~~of a crime involving gambling~~; ~~or~~
- (3) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;
- (4) owes delinquent taxes in excess of \$500 as defined in section 270.72; ~~or~~
- (5) after demand, has not filed tax returns required by the commissioner of revenue.

Subd. 4. [FEES.] The annual fee for a bingo hall license is \$2,500.

Subd. 5. [CRIMINAL HISTORY.] The board may request the assistance of the division of gambling enforcement in investigating the background of an applicant for a bingo hall license and may reimburse the division of gambling enforcement for the costs. The board has access to all criminal history data compiled by the bureau of criminal apprehension and the division of gambling enforcement on licensees and applicants.

Subd. 6. [~~PROHIBITION PROHIBITED ACTS.~~] No bingo hall licensee, person holding a financial or managerial interest in a bingo hall, or affiliate thereof may also:

(1) be a licensed distributor or licensed manufacturer or affiliate of the distributor or manufacturer under section 349.161 or 349.163 or a wholesale distributor of alcoholic beverages;

Subd. 7. [~~RESTRICTIONS.~~] A bingo hall licensee ~~or affiliate of the licensee may not~~:

~~(1)~~ (2) provide any staff to conduct or assist in the conduct of bingo or any other form of lawful gambling ~~during the bingo occasion on the premises~~;

~~(2)~~ (3) acquire, provide storage or inventory control, or report the use of any gambling equipment used by an organization that conducts bingo lawful gambling on the premises;

~~(3)~~ (4) provide accounting services to an organization conducting bingo lawful gambling on the premises;

~~(4)~~ (5) solicit, suggest, encourage, or make any expenditures of gross receipts of an organization from lawful gambling; ~~or~~

~~(5)~~ (6) charge any fee to a person at a bingo occasion, without which the person could not play a bingo game or participate in another form of lawful gambling on the premises;

(7) provide assistance or participate in the conduct of lawful gambling on the premises; or

(8) permit more than 21 bingo occasions to be conducted on the premises in any week.

Subd. 8 7. [LEASES.] All of the remuneration to be received from the organization for the conduct of lawful gambling must be stated in the lease.

No amount may be paid by the organization or received by the operator of the bingo hall licensee based on the number of participants attending the bingo occasion or participating in lawful gambling on the premises, or based on the gross receipts or profit received by the organization. All provisions of section 349.18 apply to lawful gambling conducted in bingo halls.

Subd. 9 8. [REVOCATION AND SUSPENSION.] A license under this section may be suspended by the board for a violation of law or board rule or revoked for (1) failure to meet the qualifications in subdivision 3 at any time; or ~~revoked for what the board determines to be~~ (2) a ~~pattern of willful violations~~ violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Sec. 22. [349.1641] [LICENSES; SUMMARY SUSPENSION.]

The board may (1) summarily suspend the license of an organization that is more than three months late in filing a tax return required under this chapter, and may keep the suspension in effect until all required returns are filed; and (2) summarily suspend for not more than 90 days any license issued by the board or director for what the board determines are actions detrimental to the integrity of lawful gambling in Minnesota. The board must notify the licensee at least 14 days before suspending the license under this paragraph. A contested case hearing must be held within 20 days of the summary suspension and the administrative law judge's report must be issued within 20 days after the close of the hearing record. In all cases involving summary suspension, the board must issue its final decision within 30 days after receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61. When an organization's license is suspended or revoked under this subdivision, the board shall within three days notify all municipalities in which the organization's gambling premises are located, and all licensed distributors in the state.

Sec. 23. [349.165] [PREMISES PERMITS.]

Subdivision 1. [PREMISES PERMIT REQUIRED; APPLICATION.] A licensed organization may not conduct lawful gambling at any site unless it has first obtained from the board a premises permit for the site. The board shall prescribe a form for permit applications, and each application for a permit must be submitted on a separate form. The board may by rule limit the number of premises permits that may be issued to an organization.

Subd. 2. [CONTENTS OF APPLICATION.] An application for a premises permit must contain:

(1) the name and address of the applying organization and of the organization's gambling manager;

(2) a description of the site for which the permit is sought, including its address and, where applicable, its placement within another premises or establishment;

(3) if the site is leased, the name and address of the lessor and information about the lease the board requires, including all rents and other charges for the use of the site; and

(4) other information the board deems necessary to carry out its purposes.

*An organization holding a premises permit must notify the board in writing within ten days whenever any material change is made in the above information.*

*Subd. 3. [FEES.] The board may issue four classes of premises permits, corresponding to the classes of licenses authorized under section 349.16, subdivision 6. The annual fee for each class of permit is:*

- (1) \$200 for a class A permit;*
- (2) \$125 for a class B permit;*
- (3) \$100 for a class C permit; and*
- (4) \$75 for a class D permit.*

*Subd. 4. [IDENTIFICATION OF PREMISES.] No organization may seek or accept assistance from a manufacturer or distributor, or a representative, agent, affiliate, or employee of a manufacturer or distributor, in identifying potential locations for gambling conducted by the organization.*

**Sec. 24. [349.166] [EXCLUSIONS; EXEMPTIONS.]**

*Subdivision 1. [EXCLUSIONS.] (a) Bingo may be conducted without a license and without complying with sections 349.17, subdivision 1, and 349.18, if it is conducted:*

*(1) in connection with a county fair, the state fair, or a civic celebration if it is not conducted for more than 12 consecutive days in a calendar year; or*

*(2) by an organization that conducts four or fewer bingo occasions in a calendar year.*

*An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.*

*(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization without compliance with sections 349.11 to 349.213 if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, a manager is appointed to supervise the bingo, and the manager registers with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.*

*(c) Raffles may be conducted by an organization without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750.*

*Subd. 2. [EXEMPTIONS.] (a) Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 12, without complying with sections 349.151 to 349.16; 349.167; 349.168; 349.18; 349.19; and 349.212 if:*

*(1) the organization conducts lawful gambling on five or fewer days in a calendar year;*

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization pays a fee of \$25 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(b) If the organization fails to file a timely report as required by paragraph (a), clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this paragraph if a report is later filed and the penalty paid.

(c) Merchandise prizes must be valued at their fair market value.

(d) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(e) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 349.212, subdivision 4, paragraph (c), must return to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

*Subd. 3. [RAFFLES; CERTAIN ORGANIZATIONS.] Sections 349.21 and 349.211, subdivision 3, and the membership requirements of sections 349.14 and 349.20 do not apply to raffles conducted by an organization that directly or under contract to the state or a political subdivision delivers health or social services and that is a 501(c)(3) organization if the prizes awarded in the raffles are real or personal property donated by an individual, firm, or other organization. The person who accounts for the gross receipts, expenses, and profits of the raffles may be the same person who accounts for other funds of the organization.*

*Subd. 4. [TAXATION.] An organization's receipts from lawful gambling that is exempt from licensing under this section are not subject to the tax imposed by section 297A.02 or 349.212.*

## Sec. 25. [349.167] [GAMBLING MANAGERS.]

*Subdivision 1. [GAMBLING MANAGER REQUIRED.] (a) All lawful gambling conducted by a licensed organization must be under the supervision of a gambling manager. A gambling manager designated by an organization to supervise lawful gambling is responsible for the gross*

receipts of the organization and for its conduct in compliance with all laws and rules. The organization must maintain, or require the person designated as a gambling manager to maintain, a fidelity bond in the sum of \$25,000 in favor of the organization and the state, conditioned on (1) the faithful performance of the manager's duties; and (2) the payment of all taxes due under this chapter on lawful expenditures of gross profits from lawful gambling. The terms of the bond must provide that notice be given to the board in writing not less than 30 days before its cancellation. In the case of conflicting claims against a bond a claim by the state has preference over a claim by the organization.

(b) A person may not act as a gambling manager for more than one organization.

(c) An organization may not conduct lawful gambling without having a gambling manager. The board must be notified in writing of a change in gambling managers. Notification must be made within ten days of the date the gambling manager assumes the manager's duties.

(d) An organization may not have more than one gambling manager at any time.

*Subd. 2. [GAMBLING MANAGERS; LICENSES.]* A person may not serve as a gambling manager for an organization unless the person possesses a valid gambling manager's license issued by the board. The board may issue a gambling manager's license to a person applying for the license who:

- (1) has received training as required in subdivision 5;
- (2) has never been convicted of a felony;
- (3) within the five years before the date of the license application, has not committed a violation of law or board rule that resulted in the revocation of a license issued by the board;
- (4) has never been convicted of a criminal violation involving fraud, theft, tax evasion, misrepresentation, or gambling;
- (5) has never been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats; and
- (6) has not engaged in conduct the board determines is contrary to the public health, welfare, or safety or the integrity of lawful gambling.

A gambling manager's license is valid for one year unless suspended or revoked. The annual fee for a gambling manager's license is \$100.

*Subd. 4. [SUSPENSION; REVOCATION.]* The board may suspend or revoke, as provided in board rules, a gambling manager's license for a violation of law or board rule. A suspension or revocation is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

*Subd. 5. [TRAINING OF GAMBLING MANAGERS.]* (a) The board shall by rule require all persons licensed as gambling managers to receive periodic training in laws and rules governing lawful gambling. The rules must contain the following requirements:

- (1) each gambling manager must have received such training before being issued a new license;
- (2) each gambling manager applying for a renewal of a license must



*have received training within the three years prior to the date of application for the renewal; and*

*(3) the training required by this subdivision may be provided by a person, firm, association, or organization authorized by the board to provide the training. Before authorizing a person, firm, association, or organization to provide training, the board must determine that:*

*(i) the provider and all of the provider's personnel conducting the training are qualified to do so;*

*(ii) the curriculum to be used fully and accurately covers all elements of lawful gambling law and rules that the board determines are necessary for a gambling manager to know and understand;*

*(iii) the fee to be charged for participants in the training sessions is fair and reasonable; and*

*(iv) the training provider has an adequate system for documenting completion of training.*

*The rules may provide for differing training requirements for gambling managers based on the class of license held by the gambling manager's organization.*

*The board or the director may provide the training required by this subdivision using employees of the division.*

*Subd. 6. [CRIMINAL HISTORY.] The board may request the assistance of the division of gambling enforcement in investigating the background of an applicant for a gambling manager's license and may reimburse the division of gambling enforcement for the costs thereof. The board has access to all criminal history data compiled by the division of gambling enforcement on licensees and applicants.*

*Subd. 7. [RECRUITMENT OF GAMBLING MANAGERS.] No organization may seek or accept assistance from a manufacturer or distributor, or a representative, agent, affiliate, or employee of a manufacturer or distributor, in identifying or recruiting candidates to become a gambling manager for the organization.*

#### **Sec. 26. [349.168] [GAMBLING EMPLOYEES.]**

*Subdivision 1. [REGISTRATION OF EMPLOYEES.] A person may not receive compensation for participating in the conduct of lawful gambling as an employee of a licensed organization unless the person has first registered with the board on a form the board prescribes. The form must require each registrant to provide: (1) the person's name, address, and social security number; (2) a current photograph; (3) the name, address, and license number of the employing organization; and (4) a listing of all employment in the conduct of lawful gambling within the previous three years, including the name and address of each employing organization and the circumstances under which the employment was terminated.*

*Subd. 2. [IDENTIFICATION OF EMPLOYEES.] The board shall issue to each person registering under subdivision 1 a registration number and identification card, which must include the employee's photograph. Each person receiving compensation for the conduct of lawful gambling must wear the identification card provided by the board at all times while conducting the lawful gambling.*

*Subd. 3. [COMPENSATION.] Compensation to persons who participate in the conduct of lawful gambling may be paid only to active members of the conducting organization or its auxiliary, or the spouse or surviving spouse of an active member, except that the following persons may receive compensation without being active members: (1) sellers of pull-tabs, tipboards, raffle tickets, paddlewheel tickets, and bingo paper; (2) accountants performing auditing or bookkeeping services for the organization; and (3) attorneys providing legal services to the organization. The board may by rule allow other persons not active members of the organization to receive compensation.*

*Subd. 4. [AMOUNTS PAID.] The amounts of compensation that may be paid under this section may be provided for in a schedule of compensation adopted by the board by rule. In adopting a schedule, the board must consider the nature of the participation and the types of lawful gambling participated in.*

*Subd. 5. [COMPENSATION RECORDS.] An organization paying compensation to persons who participate in the conduct of lawful gambling must maintain a compensation record. The record must be retained for at least two years after the month in which the compensation is paid. The record must itemize each payment made to each recipient of compensation and must include the amount and the full name, address, and membership status of each recipient.*

*Subd. 6. [COMPENSATION PAID BY CHECK.] Compensation paid by an organization in connection with lawful gambling must be in the form of a check drawn on the organization's gambling account, as specified in section 349.19, and paid directly to the employee.*

*Subd. 7. [PENALTY.] (a) An organization that makes payment of compensation, or causes compensation to be made, that violates subdivision 4 must be assessed a civil penalty not to exceed \$1,000 for each violation of subdivision 4. A second violation within 12 months of notification by the board to the organization of the first violation must result in suspension of the organization's gambling license for a period of three months, in addition to any civil penalty assessed. A third violation within 12 months of the board's notification to the organization of the second violation must result in revocation of the organization's gambling license in addition to any civil penalty assessed.*

*(b) Upon each violation, the director shall notify the organization in writing of its violation and of the penalties under this subdivision for future violations. Notification is effective upon mailing.*

*(c) For purposes of this subdivision, a violation consists of a payroll period or compensation date that includes payments made in violation of subdivision 4.*

*Subd. 8. [PERCENTAGE OF GROSS PROFIT PAID.] A licensed organization may pay a percentage of the gross profit from raffle ticket sales to a nonprofit organization that sells raffle tickets for the licensed organization.*

**Sec. 27. [349.169] [FILING OF PRICES.]**

*Subdivision 1. [FILING REQUIRED.] All manufacturers and distributors must file with the director, not later than the first day of each month, the prices at which the manufacturer or distributor will sell all gambling*

equipment in that month. The filing must be on a form the director prescribes. Prices filed must include all charges the manufacturer or distributor makes for each item of gambling equipment sold, including all volume discounts, exclusive of transportation costs. All filings are effective on the first day of the month for which they are filed, except that a manufacturer or distributor may amend a filed price within five days of filing it.

*Subd. 2. [COPIES.] The director shall provide copies of price filings to any person requesting them and may charge a reasonable fee for the copies. Any person may examine price filings in the division office at no cost, and the director shall make the filings available for that purpose.*

*Subd. 3. [SALES AT FILED PRICES.] No manufacturer may sell to a distributor, and no distributor may sell to an organization, any gambling equipment for any price other than a price the manufacturer or distributor has filed with the director under subdivision 1, exclusive of transportation costs.*

Sec. 28. Minnesota Statutes 1988, section 349.17, as amended by Laws 1989, chapter 334, article 2, section 26, is amended to read:

349.17 [CONDUCT OF BINGO.]

Subdivision 1. [BINGO OCCASIONS.] Not more than ~~six~~ seven bingo occasions each week may be conducted by an organization. At least 15 bingo games must be held at each occasion and a bingo occasion must continue for at least 1-1/2 hours but not more than four consecutive hours.

Subd. 2. [BINGO ON LEASED PREMISES.] ~~(a) A person or corporation, other than an organization, which leases any premises that it owns to two or more organizations for purposes including the conduct of bingo occasions, may not allow more than 18 bingo occasions to be conducted on the premises in any week.~~

~~(b) If an organization conducts bingo on premises it does not own, the organization must provide the board with the name of the owner and lessor of the premises, copies of all agreements between the organization and the owner or lessor, and the names of employees of the owner or lessor who will be responsible for the premises during the bingo occasion held by the organization.~~

~~(c) During any bingo occasion held conducted by an organization on premises it does not own, the organization shall be is directly responsible for the:~~

- ~~(1) staffing of the bingo occasion;~~
- ~~(2) conducting of lawful gambling during the bingo occasion;~~
- ~~(3) acquiring, storage, inventory control, and reporting of all gambling equipment used by the organization; and~~
- ~~(4) receipt, accounting, and all expenditures of gross receipts from lawful gambling; and~~
- (5) preparation of the bingo packets.*

Subd. 2a. [DISTRIBUTOR LICENSE EXEMPTION FOR LESSOR.] As part of a lease agreement on a leased bingo premises, the lessor may furnish bingo equipment without being a licensed distributor. For purposes of this section, "furnish" does not include the right to sell or offer for sale.

Subd. 3. Each bingo winner must be determined and every prize shall be awarded and delivered the same day on which the bingo occasion is conducted.

Subd. 4. [CHECKERS.] One or more checkers must be engaged for each bingo occasion. The checker or checkers must record, on a form the board provides, the number of cards played in each game and the prizes awarded to recorded cards. The form must provide for the inclusion of the registration number of each card and must include a checker's certification that the figures recorded are correct to the best of the checker's knowledge.

Subd. 5. [BINGO CARD NUMBERING.] (a) *The board shall by rule require that all licensed organizations: (1) conduct bingo only using liquid daubers on cards that bear an individual number recorded by the distributor; (2) sell all bingo cards only in the order of the numbers appearing on the cards; and (3) use each bingo card for no more than one bingo occasion. In lieu of the requirements of clauses (2) and (3), a licensed organization may electronically record the sale of each bingo card at each bingo occasion using an electronic recording system approved by the board.*

(b) *The requirements of paragraph (a) do not apply to a licensed organization that (1) has never received gross receipts from bingo in excess of \$150,000 in any year, and (2) does not pay compensation to any person for participating in the conduct of lawful gambling.*

Sec. 29. [349.172] [PULL-TABS; INFORMATION REQUIRED TO BE POSTED.]

*An organization selling pull-tabs must post for each deal of pull-tabs all major prizes that have been awarded for pull-tabs purchased from that deal. The information must be posted prominently at the point of sale of the deal. An easily legible pull-tab flare that lists prizes in that deal, and on which prizes are marked or crossed off as they are awarded, satisfies the requirement of this section that major prizes be posted, provided that a separate flare is posted for each deal of pull-tabs. An organization must post or mark off each major prize immediately upon awarding the prize. A "major prize" in a deal of pull-tabs is any prize that is at least 50 times the face value of any pull-tab in the deal.*

Sec. 30. [349.174] [PULL-TABS; DEADLINE FOR USE.]

*A deal of pull-tabs and tipboards received by an organization before September 1, 1989, must be put into play by that organization before September 1, 1990, unless the deal bears a serial number that allows it to be traced back to its manufacturer and to the distributor who sold it to the organization. An organization in possession on and after September 1, 1990, of a deal of pull-tabs and tipboards the organization received before September 1, 1989, may not put such a deal in play but must remove it from the organization's inventory and return it to the manufacturer.*

Sec. 31. Minnesota Statutes 1988, section 349.18, as amended by Laws 1989, chapter 334, article 2, sections 27 and 28, is amended to read:

349.18 [PREMISES USED FOR GAMBLING.]

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED.] *An organization may conduct lawful gambling only on premises it owns or leases. Leases must be for a period of one year and must be in writing on a form prescribed by the board. Copies of all leases must be made available to employees of the division and the division of gambling enforcement on*

request. A lease may not provide for payments determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.

No person, distributor, manufacturer, lessor, or organization other than the licensed organization leasing the space may conduct any activity ~~in a~~ *on the leased space premises* during times when lawful gambling is being conducted ~~in the space on the premises~~.

Subd. 1a. [STORAGE OF GAMBLING EQUIPMENT.] (a) Gambling equipment owned by or in the possession of a ~~licensed~~ *an* organization must be kept at a licensed gambling premises owned or operated by the organization, or at other storage sites within the state that the organization has notified the board are being used as gambling equipment storage sites. At each storage site or licensed premises, the organization must have the invoices or true and correct copies of the invoices for the purchase of all gambling equipment at the site or premises. *Gambling equipment owned by an organization may not be kept at a distributor's office, warehouse, storage unit, or other place of the distributor's business.*

(b) Gambling equipment, other than devices for selecting bingo numbers, owned by a ~~licensed~~ *an* organization must be *secured and* kept separate from gambling equipment owned by other persons, organizations, distributors, or manufacturers ~~consistent with the organization's internal controls filed with the board~~.

(c) Gambling equipment kept in violation of this subdivision is contraband under section 349.2125.

(d) A ~~licensed~~ *An* organization may transport gambling equipment it owns or possesses between approved gambling equipment storage sites and to and from licensed distributors.

Subd. 2. [EXCEPTIONS.] (a) A ~~licensed~~ *An* organization may conduct raffles on a premise it does not own or lease.

(b) A ~~licensed~~ *An* organization may with the permission of the board, conduct bingo on premises it does not own or lease for up to ~~six~~ *12* consecutive days in a calendar year, in connection with a county fair, *the state fair, or with a civic celebration.*

(c) A licensed organization may, after compliance with section 349.213, conduct lawful gambling on premises other than the organization's licensed premise for one day per year for not more than 12 hours that day. A lease for that time period for the exempted premises must accompany the request to the board.

Subd. 3. [PROCEEDS FROM RENTAL.] Rental proceeds from premises owned by a ~~licensed~~ *an* organization and leased ~~or subleased~~ to one or more other ~~licensed~~ organizations for the purposes of conducting lawful gambling shall not be reported as gambling proceeds under this chapter.

Subd. 4. [PROHIBITION.] (a) *An organization may not pay rent to itself or to any of its affiliates for use of space for conducting lawful gambling.*

(b) *An organization may not pay rent for space for conducting lawful gambling from any account or fund other than the organization's separate*

*gambling account.*

*Subd. 5. [CERTAIN AGREEMENTS PROHIBITED.] An organization may not enter into or be a party to a lending agreement under which any of the organization's receipts from lawful gambling are pledged as collateral for a loan.*

Sec. 32. Minnesota Statutes 1988, section 349.19, as amended by Laws 1989, chapter 334, article 2, sections 29, 30, 32, and 33, and Laws 1989, First Special Session chapter 1, article 13, section 11, is amended to read:

349.19 [RECORDS AND REPORTS.]

Subdivision 1. [REQUIRED RECORD OF RECEIPTS.] A licensed organization must keep a record of each occasion on which it conducts gambling, including each bingo occasion and each day on which other forms of lawful gambling are conducted. The record must include gross receipts, quantities of free plays if any, expenses, *prizes*, and ~~profits~~ *gross profit*. The board may by rule provide for the methods by which expenses are documented. ~~Gross receipts for bingo include any amount received by the organization which has been paid by a person at the bingo occasion to play the game, without which the player could not play the game.~~ In the case of bingo, gross receipts must be compared to the checkers' records for the occasion by a person who did not sell cards for the occasion. Separate records must be kept for bingo and all other forms of lawful gambling.

Subd. 2. [ACCOUNTS.] Gross receipts from lawful gambling by each organization at each ~~licensed~~ *permitted* premises must be segregated from all other revenues of the conducting organization and placed in a separate account. *All expenditures for expenses, taxes, and lawful purposes must be made from the separate account except in the case of expenditures previously approved by the organization's membership for emergencies as defined by board rule.* The name and address of the bank and the account number for that separate account for that licensed premises, and the names of organization members authorized as signatories on the separate account must be provided to the board when the application is submitted. Changes in the information must be submitted to the board at least ten days before the change is made. Gambling receipts must be deposited into the gambling bank account within ~~one business day~~ *three days* of completion of the bingo occasion, deal, or game from which they are received, and deposit records must be sufficient to allow determination of deposits made from each bingo occasion, deal, or game. The person who accounts for gambling gross receipts and profits may not be the same person who accounts for other revenues of the organization.

Subd. 3. [EXPENDITURES.] All expenditures of gross profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment, *and must be in compliance with section 349.154.* Authorization of the expenditures must be recorded in the ~~regular~~ *monthly* meeting minutes of the licensed organization. *Checks for expenditures of gross profits must be signed by at least two persons authorized by board rules to sign the checks.*

Subd. 4. [DISCREPANCIES.] If at a bingo occasion a discrepancy of more than \$20 is found between the gross receipts as reported by the checkers and the gross receipts determined by adding the cash receipts, the discrepancy must be reported to the board within five days of the bingo occasion.

Subd. 5. [REPORTS.] A licensed organization must report to the board and to its membership monthly, or quarterly in the case of a licensed organization which does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. The reports must be on a form the board prescribes. *Submission of the report required by section 16 satisfies the requirement for reporting monthly to the board on expenditure of net profits.*

Subd. 6. [PRESERVATION OF RECORDS.] Records required to be kept by this section must be preserved by a licensed organization for at least 3-1/2 years and may be inspected by the commissioner of revenue, the commissioner of gaming, or the commissioner of public safety at any reasonable time without notice or a search warrant.

Subd. 7. [TAX RECORDS.] The board may by rule require each licensed organization to provide copies of forms it files with the United States department of the treasury which are required for organizations exempt from income tax.

Subd. 8. [TERMINATION PLAN.] Upon termination of a license for any reason, a licensed organization must notify the board in writing within 15 calendar days of the license termination date of its plan for disposal of registered gambling equipment and distribution of remaining gambling proceeds. Before implementation, a plan must be approved by the board. The board may accept or reject a plan and order submission of a new plan or amend a proposed plan. The board may specify a time for submission of new or amended plans or for completion of an accepted plan.

Subd. 9. [ANNUAL AUDIT; FILING REQUIREMENT.] An organization licensed under this chapter must have an annual financial audit of its lawful gambling activities and funds performed by an independent auditor licensed by the state of Minnesota or performed by an independent accountant who has had prior approval of the board. *The board shall by rule prescribe standards for the audit, which must provide for the reconciliation of the organization's gambling account or accounts with the organization's reports filed under subdivision 5 and section 16.* A complete, true, and correct copy of the audit report must be filed with the board upon completion of the audit.

Subd. 10. [PULL-TAB RECORDS.] *The board shall by rule require a licensed organization to require each winner of a pull-tab prize of \$50 or more to present identification in the form of a drivers license, Minnesota identification card, or other identification the board deems sufficient to allow the identification and tracing of the winner. The rule must require the organization to retain winning pull-tabs of \$50 or more, and the identification of the winner of the pull-tab, for 3-1/2 years.*

Subd. 11. [INFORMATION MADE PART OF ORGANIZATION MINUTES.] *A licensed organization which receives a copy of a written audit under subdivision 9, or an audit or compliance report prepared by an agency of the state, must place the audit report or compliance report in the minutes of the next meeting of the organization following receipt of the report. Copies of such minutes must be made available to all members*

of the organization upon request.

Sec. 33. [349.191] [SALES ON CREDIT.]

*Subdivision 1. [CREDIT RESTRICTION.] A manufacturer may not offer or extend to a distributor, and a distributor may not extend to an organization, credit for a period of more than 30 days for the sale of any gambling equipment. No right of action exists for the collection of any claim based on credit prohibited by this subdivision. The 30-day period allowed by this subdivision begins with the day immediately following the day of invoice and includes all successive days, including Sundays and holidays, to and including the 30th successive day.*

*Subd. 2. [INVOICES.] All invoices prepared by a manufacturer or distributor and presented as part of a credit transaction for the purchase of gambling equipment must clearly bear the words "Notice: State Law Prohibits the Extension of Credit For This Sale For More Than 30 Days."*

*Subd. 3. [RULES.] Any rule of the board which requires a manufacturer to report to the board any distributor who is delinquent in payment for gambling equipment must provide that a distributor is subject to the rule if the distributor is more than 30 days delinquent in payment to a manufacturer.*

*Subd. 4. [CREDIT; POSTDATED CHECKS.] For purposes of this subdivision, "credit" includes acceptance by a manufacturer or distributor of a postdated check in payment for gambling equipment.*

Sec. 34. Minnesota Statutes Second 1989 Supplement, section 349.212, subdivision 2, is amended to read:

*Subd. 2. [COLLECTION; DISPOSITION.] The taxes imposed by this section are due and payable to the commissioner of revenue at the time when the gambling tax return is required to be filed. Returns covering the taxes imposed under this section must be filed with the commissioner of revenue on or before the 20th day of the month following the close of the previous calendar month. The commissioner may require that the returns be filed via magnetic media or electronic data transfer. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.21 and 349.211, 349.212, and 349.213, must be paid to the state treasurer for deposit in the general fund.*

Sec. 35. Minnesota Statutes 1989 Supplement, section 349.2122, is amended to read:

349.2122 [MANUFACTURERS; REPORTS TO THE COMMISSIONER OF REVENUE; PENALTY.]

*A manufacturer licensed with by the board who sells pull-tabs and tipboards to a licensed 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 any person in the state, including the established governing body of Indian tribes recognized by the United States Department of the Interior. The report must be filed monthly on or before the 25th day of the month succeeding the month in which the sale was made. The commissioner may require that the report be submitted via magnetic media or electronic data transfer. The commissioner of revenue may inspect the books, records, and inventory of a licensed manufacturer without notice during the normal business hours of the manufacturer. Any person violating this section shall be guilty of a misdemeanor.*



Sec. 36. Minnesota Statutes 1988, section 349.2123, is amended to read:

349.2123 [CERTIFIED PHYSICAL INVENTORY.]

The *board or commissioner* of revenue may, upon request, require a ~~licensed~~ distributor to furnish a certified physical inventory of the ~~pull-taps and tipboards~~ *all gambling equipment* in stock. The inventory must contain the information required by the *board or the commissioner*.

Sec. 37. Minnesota Statutes 1989 Supplement, section 349.213, is amended to read:

349.213 [LOCAL AUTHORITY.]

Subdivision 1. [LOCAL REGULATION.] (a) A statutory or home rule city or county has the authority to adopt more stringent regulation of ~~any form of~~ lawful gambling within its jurisdiction, including the prohibition of ~~any form of~~ lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section 349.214. The fee for a permit issued under this subdivision may not exceed \$100. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations or sales by distributors licensed by the board. The authority granted by this subdivision does not include the authority to require an organization to make specific expenditures of more than ten percent from its net profits derived from lawful gambling. For the purposes of this subdivision, net profits are profits less amounts expended for allowable expenses. A statutory or home rule charter city or a county may not require an organization conducting lawful gambling within its jurisdiction to make an expenditure to the city or county as a condition to operate within that city or county, except as authorized under section 349.16, subdivision 4, or 349.212; provided, however, that an ordinance requirement that such organizations must contribute ten percent of their net profits derived from lawful gambling to a fund administered and regulated by the responsible local unit of government without cost to such fund, for disbursement by the responsible local unit of government of the receipts for lawful purposes, is not considered an expenditure to the city or county nor a tax under section 349.212, and is valid and lawful.

(b) A statutory or home rule city or county may by ordinance require that a licensed organization conducting lawful gambling within its jurisdiction expend all or a portion of its expenditures for lawful purposes on lawful purposes conducted or located within the city's or county's trade area. Such an ordinance must define the city's or county's trade area and must specify the percentage of lawful purpose expenditures which must be expended within the trade area. *A trade area defined by a city under this subdivision must include each city contiguous to the defining city.*

(c) *A more stringent regulation or prohibition of lawful gambling adopted by a political subdivision under this subdivision must apply equally to all forms of lawful gambling within the jurisdiction of the political subdivision.*

Subd. 2. [LOCAL APPROVAL.] Before issuing or renewing an ~~organization license~~ *a premises permit* or bingo hall license, the board must notify the city council of the statutory or home rule city in which the organization's premises or the bingo hall is located or, if the premises or hall is located outside a city, the county board of the county and the town board of the town where the premises or hall is located. The board may require organizations *or bingo halls* to notify the appropriate local government at the time of application. This required notification is sufficient to constitute the

notice required by this subdivision. ~~If the city council or county board adopts a resolution disapproving the license and so informs the board within 60 days of receiving notice of the application, the license may not be issued or renewed. The board may not issue or renew a premises permit or bingo hall license unless the organization submits a resolution from the city council or county board approving the premises permit or bingo hall license. The resolution must have been adopted within 60 days of the date of application for the new or renewed permit or license.~~

Sec. 38. Minnesota Statutes 1988, section 349.30, subdivision 2, is amended to read:

Subd. 2. ~~“Gambling devices” means slot machines, roulette wheels, punchboards, and pin ball machines which return coins or slugs, chips, or tokens of any kind, which are redeemable in merchandise or cash device” has the meaning given it in section 609.75, subdivision 4.~~

Sec. 39. Minnesota Statutes 1988, section 349.31, is amended to read:

#### 349.31 [GAMBLING DEVICE; POSSESSION OF]

Subdivision 1. [INTENTIONAL POSSESSION; WILLFUL KEEPING.] The intentional possession or willful keeping of a gambling device on a licensed premises is cause for the *suspension* or revocation of any license under which the licensed business is carried on upon the premises where the gambling device is found, provided that possession of gambling equipment as defined in section 349.12, subdivision 17, which is used for lawful gambling authorized by this chapter, and the manufacture of gambling devices for use in jurisdictions where use of the gambling device is legal as provided for by section 349.40 shall not be cause for revocation of a license.

Subd. 2. [SUSPENSION AND REVOCATION OF LICENSES.] All licenses under which any licensed business is permitted to be carried on upon the licensed premises shall be *suspended* or revoked if the intentional possession or willful keeping of any such gambling devices upon the licensed premises is established, notwithstanding that it may not be made to appear that such devices have actually been used or operated for the purpose of gambling.

Sec. 40. Minnesota Statutes 1988, section 349.32, is amended to read:

#### 349.32 [ISSUING AUTHORITY TO SUSPEND OR REVOKE.]

The proceedings for *suspension* or revocation ~~shall be had~~ *are held* before the issuing authority, which ~~shall have~~ *has the power to suspend* or revoke the license or licenses involved, as hereinafter provided.

Sec. 41. Minnesota Statutes 1988, section 349.34, is amended to read:

#### 349.34 [PROCEEDINGS BEFORE ISSUING AUTHORITY; ORDER TO SHOW CAUSE.]

~~Upon the receipt of such information from any of the peace officers referred to in section 349.33, if any~~ *If an* issuing authority, *on receipt of information from a peace officer described in section 349.33,* is of the opinion that cause exists for the *suspension* or revocation of ~~any such~~ *a* license, ~~then that~~ *the* authority shall issue an order to show cause directed to the licensee of the premises, stating the ground upon which the proceeding is based and requiring the licensee to appear and show cause at a time and place, within the county in which the licensed premises are located,

not less than ten days after the date of the order, why the license should not be *suspended or* revoked. That order to show cause shall be served upon the licensee in the manner prescribed by law for the service of summons in a civil action, or by certified mail, not less than eight days before the date fixed for the hearing thereof. A copy of the order shall forthwith be mailed to the owner of the premises, as shown by the records in the office of the county recorder, at the owner's last known post office address. A copy of the order shall at the same time be mailed to any other issuing authority, of which the authority issuing the order to show cause has knowledge, by which other license to that licensee may have been issued, and any such other authority may participate in the *suspension or* revocation proceedings after notifying the licensee and the officer or authority holding the hearing of its intention so to do on or before the date of hearing, and after the hearing take such action as it could have taken had it instituted the *suspension or* revocation proceedings in the first instance.

Sec. 42. Minnesota Statutes 1988, section 349.35, subdivision 1, is amended to read:

Subdivision 1. [*SUSPENSION; REVOCATION; STAY; APPEAL.*] If, upon the hearing of the order to show cause, it appears that the licensee intentionally possessed or willfully kept upon the licensed premises any gambling device, then the license or licenses under which the licensed business is operated on the licensed premises, shall be *suspended or* revoked. The order of *suspension or* revocation shall not be enforced during the period allowed by section 349.39 for taking an appeal.

Sec. 43. Minnesota Statutes 1988, section 349.36, is amended to read:

349.36 [*DUTIES OF COUNTY ATTORNEY.*]

The county attorney of the county in which the hearing is held, *or the city attorney if the issuing authority is the city*, shall attend the hearing, interrogate the witnesses, ~~and~~ advise the issuing authority- ~~The county attorney shall also, and~~ appear for the issuing authority on any appeal taken pursuant to the provisions of section 349.39.

Sec. 44. Minnesota Statutes 1988, section 349.38, is amended to read:

349.38 [*PROPERTY OWNERS LIABILITY.*]

When a license is *suspended or* revoked under the provisions of sections 349.30 to 349.39, the owner of the premises upon which any licensed business has been operated shall not be penalized by reason thereof unless it is established that the owner had knowledge of the existence of the gambling devices resulting in license *suspension or* revocation.

Sec. 45. Minnesota Statutes 1988, section 349.39, is amended to read:

349.39 [*APPEAL TO DISTRICT COURT; STAY; CONTINUANCE UNDER BOND; HEARING UPON ONE YEAR LIMITATION ON PREMISES.*]

Any licensee, or any owner of licensed premises, aggrieved by an order of an issuing authority *suspending or* revoking any license may appeal from that order to the district court of the county in which the licensee resides by serving a notice of the appeal upon the issuing authority or the clerk thereof. The notice of appeal shall state that the person appealing takes an appeal to that district court from the order *suspending or* revoking the license or licenses, describing them and identifying the order appealed

from. This notice shall be served within 15 days from the date of service of the order appealed from, and the same, with proof of service thereof, shall be filed with the court administrator of the district court of the proper county. The appeal shall stand for trial at the next term of the district court following the filing of the notice of appeal, without the service of any notice of trial, and shall be tried in the district court de novo. The trial shall be by jury if the appellant shall so demand. The licensee may continue to operate the licensed business or businesses until the final disposition of such appeal. If the district court upon the appeal shall determine that any license involved in the appeal should be *suspended or revoked*, it may, nevertheless, in its discretion permit the continuance of the licensed business under a bond in the amount and in the form and containing the conditions prescribed by the court. The district court on the appeal, or in a separate proceeding, may permit the issuance of a new license to a different licensee before the expiration of the period of one year specified in section 349.35, subdivision 2, upon such terms and conditions imposed by the court as will insure that no gambling device shall thereafter be maintained upon the licensed premises.

Sec. 46. Minnesota Statutes 1988, section 349.50, subdivision 8, is amended to read:

Subd. 8. [VIDEO GAME OF CHANCE.] "Video game of chance" means games or devices that simulate games commonly referred to

as poker, blackjack, craps, hi-lo, roulette or other common gambling forms, though not offering any type of pecuniary award or gain to players. The term also includes any video game having one or more of the following characteristics:

(1) it is primarily a game of chance, and has no substantial elements of skill involved;

(2) it awards game credits or replays and contains a meter or device which records unplayed credits or replays ~~and contains a device that permits them to be canceled.~~

Sec. 47. Minnesota Statutes 1988, section 349.55, is amended to read:

349.55 [GAME SPECIFICATIONS.]

No payment may be made directly from any game or in connection with the operation of any device. Each game must contain a random character generator, and any internal meter must be nonresettable. ~~Any game canceling replays or credits must cancel them no more than one at a time. A video game of chance may not contain or have attached to it any switch, lever, button, or other device capable of canceling replays or credits in any way other than by playing the game offered by the machine. A video game of chance must be programmed and must operate in such a way that all credits accumulated on a game must automatically cancel within 60 seconds of the completion of a play. No person may cancel replays or credits on a video game of chance in any way other than by playing the game offered by the machine. A video game of chance may not be restarted after cancellation of all accumulated credits except on insertion of a coin.~~

Sec. 48. [349.61] [REPEAL; TERMINATION OF LICENSES.]

Subdivision 1. [REPEAL.] Section 1 and sections 349.50; 349.501; 349.502; 349.51; 349.52; 349.53; 349.54; 349.55; 349.56; 349.57; 349.58;

349.59; and 349.60 are repealed January 1, 1992. All licenses issued under sections 349.51 and 349.52 in effect on that date expire on that date. The commissioner of finance shall on that date transfer all money in the video gaming license account to the general fund.

Subd. 2. [NOT TO AFFECT CERTAIN COMPACTS.] *Nothing in subdivision 1 is intended to affect the validity of any compact entered into before or after the effective date of this section between the state and the governing body of an Indian tribe that governs the conduct of any form of gambling on Indian lands.*

Sec. 49. Minnesota Statutes 1989 Supplement, section 349A.02, subdivision 5, is amended to read:

Subd. 5. [COMPENSATION INCENTIVE PLAN.] ~~The compensation of employees in the division is as provided in chapter 43A.~~ *Subject to the provisions of section 43A.18, subdivision 1, the commissioner of employee relations director may, at the request of the director, develop and implement a plan for making incentive payments to employees of the division whose primary responsibilities are in marketing.*

Sec. 50. Minnesota Statutes 1989 Supplement, section 349A.06, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] (a) The director may not contract with a retailer who:

- (1) is under the age of 18;
- (2) is in business solely as a seller of lottery tickets;
- (3) owes \$500 or more in delinquent taxes as defined in section 270.72;
- (4) has been convicted within the previous five years of a felony or gross misdemeanor, any crime involving fraud or misrepresentation, or a gambling-related offense;
- (5) is a member of the immediate family, residing in the same household, as the director, board member, or any employee of the division; ~~or~~
- (6) in the director's judgment does not have the financial stability or responsibility to act as a lottery retailer, or whose contracting as a lottery retailer would adversely affect the public health, welfare, and safety, or endanger the security and integrity of the lottery; *or*
- (7) *is a currency exchange, as defined in section 53A.01.*

*A contract entered into before August 1, 1990, which violates clause (7) may continue in effect until its expiration but may not be renewed.*

(b) An organization, firm, partnership, or corporation that has a stockholder who owns more than five percent of the business or the stock of the corporation, an officer, or director, that does not meet the requirements of paragraph (a), clause (4), is not eligible to be a lottery retailer under this section.

(c) The restrictions under paragraph (a), clause (4), do not apply to an organization, partnership, or corporation if the director determines that the organization, partnership, or firm has terminated its relationship with the individual whose actions directly contributed to the disqualification under this subdivision.

Sec. 51. Minnesota Statutes 1989 Supplement, section 349A.06, subdivision 4, is amended to read:

Subd. 4. [CRIMINAL HISTORY.] The director may request the director of gambling enforcement to investigate all applicants for lottery retailer contracts to determine their compliance with the requirements of subdivision 2. The director may issue a temporary contract, valid for not more than 90 days, to an applicant pending the completion of the investigation or a final determination of qualifications under this section. *The director has access to all criminal history data compiled by the director of gambling enforcement on any person (1) holding or applying for a retailer contract, (2) any person holding a lottery vendor contract or who has submitted a bid on such a contract, and (3) any person applying for employment with the lottery.*

Sec. 52. Minnesota Statutes 1988, section 609.75, subdivision 4, is amended to read:

Subd. 4. [GAMBLING DEVICE.] A gambling device is a contrivance which for a consideration affords the player an opportunity to obtain something of value, other than free plays, automatically from the machine or otherwise, the award of which is determined principally by chance. *"Gambling device" includes any video game of chance, as defined in section 349.50, subdivision 8, that is not in compliance with sections 349.50 to 349.60.*

Sec. 53. [TRANSPORTATION OF UNSTAMPED DEALS; APPLICABILITY.]

*Until January 1, 1991, Minnesota Statutes, section 349.2127, subdivision 4, does not prevent the otherwise lawful transfer of gambling equipment to a licensed facility in Minnesota from a facility in an adjoining state which is owned and operated by the licensed Minnesota distributor who makes the transfer.*

Sec. 54. [LEGISLATIVE FINDING.]

*The legislature finds and determines that, because of (1) the difficulty of ensuring the security and integrity of pull-tabs when they are manufactured in another state, and (2) the enhanced inspection and regulation of the manufacture of pull-tabs, and the consequent enhancement of their security and integrity that would result from their manufacture in Minnesota, it is necessary and desirable that all pull-tabs sold in the state after June 30, 1992, be required to be manufactured in Minnesota.*

Sec. 55. [REPEALER.]

*(a) Minnesota Statutes 1988, sections 349.14; and 349.214, subdivisions 1, 1a, 3, and 4; Minnesota Statutes 1989 Supplement, section 349.151, subdivision 4a; and Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2, are repealed.*

*(b) Minnesota Statutes 1989 Supplement, sections 349.20 and 349.21, are repealed.*

*(c) Laws 1989, First Special Session chapter 1, article 13, section 27, is repealed.*

Sec. 56. [EFFECTIVE DATE.]

*Section 55, paragraph (c), is effective the day following final enactment.*

Sections 23; 25; 26; 28, subdivision 5; 47; and 55, paragraph (b), are effective January 1, 1991.

## ARTICLE 2

### PENALTY PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 349.2125, subdivision 1, is amended to read:

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 person, firm, or 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) all currency, checks, and other things of value used for pull-tab or tipboard transactions not expressly permitted under this chapter, and any cash drawer, cash register, or any other container used for illegal pull-tab or tipboard transactions including its contents;

(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);

(6) any unaffixed registration stamps except as provided in section 349.162, subdivision 4;

(7) any prize used or offered in a game utilizing contraband as defined in this subdivision;

(8) any altered, modified, or counterfeit pull-tab or tipboard ticket;

(9) any unregistered gambling equipment except as permitted by this chapter; ~~and~~

(10) any gambling equipment kept in violation of section 349.18; *and*

(11) *any gambling equipment not in conformity with law or board rule.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 349.2125, subdivision 3, is amended to read:

Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.] Within ~~two~~ *ten* days after the seizure of any alleged contraband, the person making the seizure shall ~~deliver~~ *make available* an inventory of the property seized to the person from whom the property was seized, if known, and file a copy with the commissioner of revenue or the director of gambling enforcement. 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~~ 60 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 by the seizing authority 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~~ seizing authority 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.

Sec. 3. Minnesota Statutes 1988, section 349.2125, subdivision 4, is amended to read:

Subd. 4. [DISPOSAL.] (a) 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. ~~Seventy percent of 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 of forfeited property, after payment of seizure, storage, forfeiture and sale expenses, must be forwarded to the seizing authority for deposit as a~~



*supplement to its operating fund or similar fund for official use, and 20 percent must be forwarded to the county attorney or other prosecuting agency that handled the forfeiture for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes. The remaining ten percent of the proceeds must be forwarded within 60 days after resolution of the forfeiture to the department of human services to fund programs for the treatment of compulsive gamblers. 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.*

*(b) 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~~ to the seizing authority for official use and sharing in the manner provided in paragraph (a). 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~~ public interest to do so.*

Sec. 4. Minnesota Statutes 1988, section 349.2127, subdivision 1, is amended to read:

*Subdivision 1. [COUNTERFEITING.] ~~No~~ A person ~~shall~~ *is guilty of a felony who, with intent to defraud the state, ~~make~~ makes, ~~alter~~ alters, ~~forge~~ forges, or ~~counterfeit~~ counterfeits any license or stamp provided for in this chapter, or ~~have~~ has 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.**

Sec. 5. Minnesota Statutes 1988, section 349.2127, is amended by adding a subdivision to read:

*Subd. 1a. [UNLAWFUL EXPENDITURES.] (a) A person who knowingly or with reason to know makes an unlawful expenditure of gross profits from lawful gambling is guilty of a crime and may be sentenced as provided in this subdivision.*

*(b) If the unlawful expenditure is of \$200 or less, the penalty in section*

349.22, subdivision 1, applies.

(c) *If the unlawful expenditure is of more than \$200 but not more than \$2,500, the person is guilty of a gross misdemeanor.*

(d) *If the unlawful expenditure is of more than \$2,500, the person is guilty of a felony.*

(e) *For purposes of this subdivision, expenditures made within a six-month period may be aggregated and the defendant charged accordingly.*

Sec. 6. Minnesota Statutes 1989 Supplement, section 349.2127, subdivision 2, is amended to read:

Subd. 2. [PROHIBITION AGAINST POSSESSION.] (a) ~~No~~ A person, other than a licensed distributor, ~~shall sell, offer~~ is guilty of a crime who sells, offers for sale, or have in possession with intent to sell or offer for sale, possesses a pull-tab or tipboard deal not stamped in accordance with the provisions of this chapter. A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals. A violation of this paragraph is a felony if it involves more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.

(b) ~~No~~ A person, other than a licensed distributor or licensed or exempt an organization under section 349.214 may possess with the intent to sell or offer licensed or exempt or excluded from licensing under this chapter, is guilty of a crime who sells, offers to sell, or possesses gambling equipment, except (1) equipment exempt from taxation, or (2) equipment put into play by a licensed or exempt organization. A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals. A violation of this paragraph is a felony if it involves more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.

(c) ~~No~~ A person, firm, or organization may possess is guilty of a crime who alters, modifies, or counterfeits pull-tabs, tipboards, or tipboard tickets, or possesses altered, modified, or counterfeit pull-tabs or tipboards, or tipboard tickets with intent to sell, redeem, or exchange them. A violation of this paragraph is a gross misdemeanor if the total face value for all such pull-tabs, tipboards, or tipboard tickets does not exceed \$200. A violation of this paragraph is a felony if the total face value exceeds \$200. For purposes of this paragraph, the face value of all pull-tabs, tipboards, and tipboard tickets altered, modified, or counterfeited within a six-month period may be aggregated and the defendant charged accordingly.

Sec. 7. Minnesota Statutes 1988, section 349.2127, subdivision 3, is amended to read:

Subd. 3. [FALSIFICATION OF RECORDS FALSE INFORMATION.] ~~No~~ (a) A person is guilty of a felony if the person is required by section 349.2121, subdivision 2, to keep records or to make returns ~~shall falsify or fail and falsifies or fails to keep the records or falsify or fail falsifies or fails to make the returns.~~

(b) A person is guilty of a felony who:

(1) knowingly submits materially false information in any license application or other document or communication submitted to the board; or

*(2) knowingly submits materially false information in any report, document, or other communication submitted to the commissioner of revenue in connection with lawful gambling or with any provision of this chapter.*

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 349.2127, subdivision 4, is amended to read:

Subd. 4. [TRANSPORTING UNSTAMPED DEALS.] ~~No~~ A person ~~shall transport~~ is guilty of a gross misdemeanor who transports into, or receive receives, ~~carry~~ carries, or ~~move~~ moves 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. A person is guilty of a felony who violates this subdivision with respect to more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.

Sec. 9. Minnesota Statutes Second 1989 Supplement, section 349.2127, subdivision 5, is amended to read:

Subd. 5. [PROVIDING INFORMATION.] ~~No~~ (a) An employee of an organization ~~shall~~ may not provide any information to a player that would provide an unfair advantage to the player related to the potential winnings of any lawful gambling activity. For purposes of this subdivision, ~~"employee"~~ includes a volunteer.

*(b) An employee may not provide, and a person may not receive, with expectation of pecuniary gain to either, any information that would provide an unfair advantage to the recipient of the information related to the potential winnings of any lawful gambling activity. A person who violates this paragraph is guilty of a gross misdemeanor. A person who violates this paragraph within five years after a previous conviction under this paragraph is guilty of a felony.*

*(c) For purposes of this subdivision, "employee" includes a volunteer.*

Sec. 10. Minnesota Statutes 1988, section 349.2127, is amended by adding a subdivision to read:

Subd. 6. [CHECKS FOR GAMBLING PURCHASES.] *An organization may not accept checks in payment for the purchase of any gambling equipment or for the chance to participate in any form of lawful gambling.*

Sec. 11. Minnesota Statutes 1989 Supplement, section 349.22, subdivision 1, is amended to read:

Subdivision 1. [~~GROSS MISDEMEANOR PENALTY.~~] *(a) A person who violates any provision of sections 349.11 to 349.23 for which another penalty is not provided is guilty of a misdemeanor.*

*(b) A person who violates any provision of sections 349.11 to 349.23 for which another penalty is not provided is guilty of a gross misdemeanor if the violation occurs within five years after a previous conviction under any provision of sections 349.11 to 349.23.*

*(c) A person who in any manner violates sections 349.11 to 349.23 to evade a tax imposed by a provision of this chapter, or who aids and abets the evasion of a 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. 12. Minnesota Statutes 1988, section 349.22, is amended by adding

a subdivision to read:

*Subd. 3a. [AGGREGATION.] When the value of prizes or pull-tabs received within a six-month period is aggregated under this section and two or more offenses were 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 section.*

Sec. 13. Minnesota Statutes 1989 Supplement, section 349.501, subdivision 1, is amended to read:

Subdivision 1. [TO THE PUBLIC.] An operator must prominently post in the owner's business premises a brief description of the legal consequences of awarding or receiving cash instead of game credits or replays on video games of chance in violation of ~~section~~ sections 349.502 and 609.76, subdivision 1.

The information is prominently posted if it can be readily seen by a player immediately before the player participates in the video game of chance.

Sec. 14. Minnesota Statutes 1989 Supplement, section 349.502, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR.] A person who ~~awards or receives cash instead of game credits or anything of value other than replays on a video game of chance is guilty of a misdemeanor. An owner who directs an employee to violate this section is also considered to have violated this section. For purposes of this subdivision "cash" includes checks.~~

Sec. 15. Minnesota Statutes 1988, section 349.52, is amended by adding a subdivision to read:

*Subd. 5. [LOCAL REGULATION.] A statutory or home rule charter city or county has the authority to adopt more stringent regulations concerning video games of chance, including regulations prohibiting video games of chance within its jurisdiction.*

Sec. 16. Minnesota Statutes 1988, section 349.59, subdivision 1, is amended to read:

Subdivision 1. [PACKAGES DECLARED TO BE CONTRABAND.] The following are declared to be contraband:

(1) all video games of chance which do not have a licensing stamp affixed to them and all containers that contain contraband video games of chance;

(2) all video games of chance to which the commissioner or designated representatives have been denied access for the inspection of contents. In lieu of seizure, the commissioner or designated representatives may seal the game to prevent its use until inspection of contents is permitted;

(3) all video games of chance at a location at which there is no location agreement in force; ~~and~~

(4) all video games of chance illegally brought into the state; *and*

(5) *all video games of chance that do not conform to the game specifications contained in section 349.55.*

Sec. 17. Minnesota Statutes 1989 Supplement, section 609.76, subdivision 1, is amended to read:

Subdivision 1. [GROSS MISDEMEANORS.] (a) Whoever does any of the following 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:

- (1) maintains or operates a gambling place or operates a bucket shop;
- (2) intentionally participates in the income of a gambling place or bucket shop;
- (3) conducts a lottery, or, with intent to conduct a lottery, possesses facilities for doing so;
- (4) sets up for use for the purpose of gambling, or collects the proceeds of, any gambling device or bucket shop;
- (5) with intent that it shall be so used, manufactures, sells or offers for sale, in whole or any part thereof, any gambling device including those defined in section 349.30, subdivision 2, and any facility for conducting a lottery, except as provided by section 349.40;
- (6) receives, records, or forwards bets or offers to bet or, with intent to receive, record, or forward bets or offers to bet, possesses facilities to do so; or
- (7) pays any compensation for game credits earned on or otherwise rewards, *with anything of value other than free plays*, players of video games of chance as defined ~~under~~ in section 349.50, subdivision 8, *or who directs an employee to pay any such compensation or reward.*

(b) *On conviction of a person for the crime established in paragraph (a), clause (7), the court shall impose a fine of not less than \$700.*

Sec. 18. [REPEALER.]

*Minnesota Statutes 1989 Supplement, sections 349.22, subdivision 3; and 349.502, subdivision 2, are repealed.*

Sec. 19. [EFFECTIVE DATE; APPLICATION.]

*Sections 1 to 18 are effective August 1, 1990. Sections 4 to 12, 14, 17, and 18 apply to violations committed on or after that date.*"

Delete the title and insert:

"A bill for an act relating to lawful gambling; defining lawful purposes for expenditures of gambling profits; establishing licensing qualifications for organizations, distributors, and manufacturers; requiring organizations to report monthly on expenditures and contributions of gambling profits; authorizing the gambling control board to require recipients of contributions of gambling profits to register with the board; authorizing summary suspension of gambling licenses; requiring pull-tabs to be manufactured in Minnesota; requiring inspection and testing of gambling equipment; requiring permits for gambling premises; requiring gambling managers to be licensed; requiring that employees of organizations conducting lawful gambling be registered with the board; prescribing specifications for video games of chance and terminating all licenses for video games of chance on January 1, 1992; regulating incentive payments to lottery employees; prescribing qualifications for lottery retailers; increasing penalties for violations of lawful gambling statutes; providing for the disposal of seized gambling equipment; amending Minnesota Statutes 1988, sections 349.12, by adding subdivisions; 349.16; 349.17; 349.18; 349.19; 349.2123; 349.2125, subdivision 4; 349.2127, subdivisions 1, 3, and by adding subdivisions;

349.22, by adding a subdivision; 349.30, subdivision 2; 349.31; 349.32; 349.34; 349.35, subdivision 1; 349.36; 349.38; 349.39; 349.50, subdivision 8; 349.52, by adding a subdivision; 349.55; 349.59, subdivision 1; 609.75, subdivision 4; 349.59, subdivision 1; Minnesota Statutes 1989 Supplement, sections 299L.03, by adding subdivisions; 349.12, subdivisions 11 and 12; 349.15; 349.151, subdivision 4, and by adding a subdivision; 349.152, subdivision 2, and by adding subdivisions; 349.161; 349.162; 349.163; 349.164; 349.212, subdivision 2; 349.2122; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and 5; 349.213; 349.22, subdivision 1; 349.501, subdivision 1; 349.502, subdivision 1; 349A.02, subdivision 5; 349A.06, subdivisions 2 and 4; 609.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 299L; 349 repealing Minnesota Statutes 1988, sections 349.14; 349.214, subdivision 1, 1a, 3, and 4; Minnesota Statutes 1989 Supplement, sections 349.151, subdivision 4a; 349.20; 349.21; 349.22, subdivision 3; 349.502, subdivision 2; Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2; Laws 1989 First Special Session, chapter 1, article 13, section 27.”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Marilyn M. Lantry, A. W. “Bill” Diessner, Ember D. Reichgott, Clarence M. Purfeerst,

House Conferees: (Signed) Joe Quinn, Dee Long, Dick Kostohryz, John Himle, Jerry Janezich

**CALL OF THE SENATE**

Mrs. Lantry imposed a call of the Senate for the balance of the proceedings on S.F. No. 2018. The Sergeant at Arms was instructed to bring in the absent members.

Mrs. Lantry moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2018 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. 2018 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 35 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Hughes	Moe, D.M.	Pogemiller
Berg	Dicklich	Johnson, D.J.	Moe, R.D.	Purfeerst
Berglin	Flynn	Kroening	Morse	Reichgott
Chmielewski	Frank	Langseth	Novak	Schmitz
Cohen	Frederickson, D.J.	Lantry	Pehler	Spear
Dahl	Freeman	Luther	Peterson, R. W.	Stumpf
Davis	Gustafson	Marty	Piper	Waldorf

Those who voted in the negative were:

Anderson	Brataas	Knutson	Merriam	Renneke
Beckman	Decker	Laidig	Metzen	Storm
Belanger	Frederick	Larson	Olson	Vickerman
Benson	Frederickson, D.R.	Lessard	Pariseau	
Bernhagen	Johnson, D.E.	McGowan	Piepho	
Bertram	Knaak	McQuaid	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. 1807 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1807

A bill for an act relating to local government; permitting the issuance of obligations by the Hennepin county board for a public safety building; permitting Rosemount to incur debt for an armory; requiring a planning process and public hearing.

April 23, 1990

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. 1807, 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. 1807 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1989 Supplement, section 373.40, subdivision 4, 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 0.05367 percent of taxable market 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 0.06455 percent of taxable market 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 0.02684 percent of taxable market value of the property in the county.~~ Calculation of the limit must be made using the taxable market 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. 2. Minnesota Statutes Second 1989 Supplement, section 373.40,

subdivision 6, is amended to read:

Subd. 6. [BUILDING FUND LEVY.] (a) If a county other than ~~Hennepin or Ramsey~~ has an approved capital improvement plan, the county board may annually levy 0.05367 percent of taxable market value, less the amount levied to pay principal and interest on bonds issued under this section. ~~If the Hennepin county board has an approved capital improvement plan, the county board may annually levy 0.02684 percent of taxable market value, less the amount levied to pay principal and interest on bonds issued under this section.~~ If the Ramsey county board has an approved capital improvement plan, the county board may annually levy 0.06455 percent of taxable market value, less the amount levied to pay principal and interest on bonds issued under this section. The proceeds of this levy must be deposited in the county building fund under section 373.25 and may only be expended for capital improvements as provided in the approved capital improvement plan.

(b) The maximum amount of the levy, when added to the unexpended balance in the building fund, must not exceed the projected cost of the remaining improvements in the capital improvement plan. A levy made under this section is not subject to any other levy limitation, nor may the levy be included in the computation of any other levy limitation.

(c) This subdivision and the exercise of levy authority under it does not supersede or preempt the authority to levy under section 373.25 or any other law.

Sec. 3. Laws 1989, chapter 245, section 1, is amended to read:

Section 1. [HENNEPIN COUNTY; PUBLIC SAFETY BUILDING BONDS.]

Hennepin county may issue and sell general obligation bonds of the county in an amount not exceeding \$20,000,000 to finance land acquisition planning, design, site preparation, and other preliminary work for the construction of a public safety building and related facilities. The obligations shall be issued in accordance with Minnesota Statutes, chapter 475, except that their issuance is not subject to approval by the electors under section 475.58. The obligations issued under this section and the property taxes levied to pay the obligations ~~shall not~~ *must* be included in the calculation of Hennepin county's bond and building fund levy limitation under Minnesota Statutes, section 373.40.

Sec. 4. [HENNEPIN COUNTY; PUBLIC SAFETY FACILITY PLANNING PROCESS.]

*Hennepin county may not issue and sell obligations to finance the acquisition and construction of a public safety building and related facilities until the board of county commissioners of Hennepin county has entered into a planning process which must include:*

*(1) comparative analysis of alternative sites, including but not limited to: site preparation factors, proximity to the county courthouse, potential construction or legal delays for each site, and integration into the long-range physical plan for the city of Minneapolis;*

*(2) programmatic plans relating to physical structure, construction, and operational costs; and*

*(3) continued use of the current jail facilities for correctional purposes*



for a period of at least ten years.

*The planning process must include at least one public hearing. The board of county commissioners and the city council must cooperate in the analysis and planning process described in clause (1). The planning process must be completed by September 1, 1990. If the city refuses to cooperate by engaging in a good faith effort to analyze the public costs and benefits of alternative sites for both the county and city, the county may proceed to issue and sell the bonds notwithstanding this subdivision.*

Sec. 5. [HENNEPIN COUNTY; PUBLIC SAFETY FACILITY BONDS.]

*Notwithstanding Minnesota Statutes, section 373.40, subdivision 7, Hennepin county may issue bonds under Minnesota Statutes, section 373.40, until July 1, 1995, to finance the acquisition and construction of a public safety building and related facilities.*

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 Hennepin county; increasing and extending certain capital improvement bonding authority for Hennepin county; requiring a planning process; amending Minnesota Statutes 1989 Supplement, section 373.40, subdivision 4; Minnesota Statutes Second 1989 Supplement, section 373.40, subdivision 6; Laws 1989, chapter 245, section 1."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Michael O. Freeman, Gen Olson, Lawrence J. Pogemiller

House Conferees: (Signed) Bill Schreiber, Peter McLaughlin, Sally Olsen

Mr. Freeman moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1807 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. 1807 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	Decker	Johnson, D.J.	McQuaid	Purfeerst
Anderson	DeCramer	Knaak	Merriam	Ramstad
Beckman	Dicklich	Knutson	Metzen	Reichgott
Belanger	Flynn	Kroening	Moe, R.D.	Renneke
Benson	Frank	Laidig	Morse	Schmitz
Berglin	Frederick	Langseth	Novak	Spear
Bernhagen	Frederickson, D.J.	Lantry	Olson	Storm
Bertram	Frederickson, D.R.	Larson	Pariseau	Stumpf
Brataas	Freeman	Lessard	Pehler	Vickerman
Chmielewski	Gustafson	Luther	Piepho	Waldorf
Cohen	Hughes	Marty	Piper	
Davis	Johnson, D.E.	McGowan	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. 2160 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2160

A bill for an act relating to education; providing for the environmental education act; creating the office of environmental education; proposing coding for new law as Minnesota Statutes, chapter 126A; repealing Minnesota Statutes 1988, sections 116E.01; 116E.02; 116E.03, subdivisions 2, 3, 4, 5, 6, 7, 7a, 8, and 9; and 116E.04; Minnesota Statutes 1989 Supplement, sections 116E.03, subdivision 1; and 116E.035.

April 23, 1990

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. 2160, 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. 2160 be further amended as follows:

Page 2, line 35, delete "*and require*"

Page 7, after line 27, insert:

"Sec. 14. [EFFECTIVE DATE.]

*This act is effective July 1, 1990.*"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Gene Merriam, Dennis R. Frederickson, Bob Lessard

House Conferees: (Signed) Ken Nelson, Jerry J. Bauerly, Dennis Ozment

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2160 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. 2160 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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	McGowan	Pogemiller
Anderson	Davis	Johnson, D.J.	McQuaid	Purfeerst
Beckman	Decker	Knaak	Merriam	Ramstad
Belanger	DeCramer	Knutson	Metzen	Reichgott
Benson	Dicklich	Kroening	Moe, R.D.	Renneke
Berg	Flynn	Laidig	Morse	Schmitz
Berglin	Frank	Langseth	Novak	Spear
Bernhagen	Frederick	Lantry	Olson	Storm
Bertram	Frederickson, D.J.	Larson	Pariseau	Stumpf
Brataas	Frederickson, D.R.	Lessard	Pehler	Vickerman
Chmielewski	Freeman	Luther	Piepho	Waldorf
Cohen	Hughes	Marty	Piper	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2126 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2126

A bill for an act relating to health; providing regulations for bulk pesticide storage; amending provisions relating to pesticide registration fees and application fees; requiring permits for sources of irrigation water; requiring a permit for construction of a fertilizer distribution facility; requiring a responsible party to immediately take reasonable action necessary to abate an agricultural chemical incident; requiring certain administrative hearings on contested orders within 14 days; crediting certain agricultural penalties to the pesticide or fertilizer regulatory accounts; amending provisions relating to the registration surcharge and the agricultural chemical response and reimbursement fee; appropriating money from the general fund to be reimbursed with response and reimbursement fees; amending provisions relating to response and reimbursement eligibility; providing commissioner of agriculture authority under chapter 115B for agricultural chemical incidents; clarifying requirements for water well construction and ownership; clarifying provisions for at-grade monitoring wells; establishing reduced isolation distances for facilities with safeguards; clarifying conditions to issue a limited well contractor's license; amending effective dates; amending appropriations; amending Minnesota Statutes 1988, sections 18B.14, subdivision 2; 18B.27, subdivision 3; 18B.28, subdivision 4; 105.37, by adding a subdivision; 105.41, subdivision 4, and by adding a subdivision; 115B.02, subdivisions 3, 4, and by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 18B.26, subdivision 3; 18C.205, subdivision 2; 18C.305, subdivision 1; 18D.103, subdivision 1; 18D.321, subdivision 2; 18E.03, subdivisions 3, 4, 5, and by adding a subdivision; 18E.04, subdivision 1; 103B.3369, subdivision 5; 1031.005, subdivisions 2, 8, 9, 16, and by adding a subdivision; 1031.101, subdivisions 2, 5, and 6; 1031.111, subdivision 5, and by adding a subdivision; 1031.205, subdivisions 1, 2, 4, 5, 6, and 8; 1031.208, subdivision 2; 1031.235; 1031.301, subdivision 3; 1031.311, subdivision 3; 1031.325, subdivision 2; 1031.525, subdivisions 1, 5, and 6; 1031.531, subdivision 4; 1031.541, subdivision 1, and by adding subdivisions; 1031.681; 1031.685; 1031.691; 1031.705, subdivisions 2 and 3; 105.41, subdivisions 1c and 5a; 115B.20, subdivision 1; 116C.69, subdivision 3; Laws 1989, chapters 326, article 3, section 49; article 6, section 33, subdivision 2; article 8, section 10; and 335, article 1, section 23, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters

18D and 103I; repealing Minnesota Statutes 1988, section 115B.17, subdivision 8; Minnesota Statutes 1989 Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; 103I.325, subdivision 1; and 103I.533.

April 23, 1990

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. 2126, 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. 2126 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 18B.14, subdivision 2, is amended to read:

Subd. 2. [BULK PESTICIDE STORAGE.] (a) A person storing pesticides in containers of a rated capacity of 500 gallons or more *for more than ten consecutive days at a bulk pesticide storage facility* must obtain a pesticide storage permit from the commissioner *as required by rule*.

(b) Applications must be on forms provided by the commissioner containing information established by rule. The initial application for a permit must be accompanied by a nonrefundable application fee of \$100 for each location where the pesticides are stored. *An application for a facility that includes both fertilizers as regulated under chapter 18C and bulk pesticides as regulated under this chapter shall pay only one application fee of \$100.*

(c) The commissioner shall by rule develop and implement a program to regulate bulk pesticides. The rules must include installation of secondary containment devices, storage site security, safeguards, notification of storage site locations, criteria for permit approval, a schedule for compliance, and other appropriate requirements necessary to minimize potential adverse effects on the environment. The rules must conform with existing rules of the pollution control agency.

(d) *A person must obtain a permit from the commissioner on forms provided by the commissioner before the person constructs or substantially alters a bulk pesticide storage facility. If an application is incomplete the commissioner must notify the applicant as soon as possible. The permit must be acted upon within 30 days after receiving a completed application.*

(e) *An application to substantially alter a facility must be accompanied by a \$50 fee. An application for a facility that includes both fertilizers regulated under chapter 18C and bulk pesticides regulated under this chapter shall pay only one application fee of \$50.*

(f) *An additional application fee of \$250 must be paid by an applicant who begins construction of, or substantially alters, a bulk pesticide storage facility before a permit is issued by the commissioner. The fee under this paragraph may not be charged if the permit is not acted upon within 30 days after receiving a completed application.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 18B.26, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FEE.] (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at one-tenth of one percent for calendar year 1990 and at one-fifth of one percent thereafter of annual gross sales within the state *and annual gross sales of pesticides used in the state*, with a minimum nonrefundable fee of \$150 *plus an additional one-tenth of one percent for each pesticide for which the United States Environmental Protection Agency, Office of Water, has published a Health Advisory Summary by December 1 of the previous year. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors.* A registrant paying more than the minimum fee shall pay the application fee in quarterly installments balance due by 30 days after the end of each calendar quarter March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar quarter year. The fee for disinfectants and sanitizers is \$150. *The minimum fee is due by December 31 preceding the year for which the application for registration is made.* Of the amount collected after July 1, calendar year 1990, \$600,000 per year must be credited to the waste pesticide account under section 18B.065, subdivision 5, and the additional amount collected for pesticides with Health Advisory Summaries shall be credited to the agricultural project utilization account under section 1160.13 to be used for pesticide use reduction grants by the agricultural utilization research institute.

(b) An additional fee of \$100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed ~~at the time of payment of the~~ by March 1 for the previous year's registration application fee. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

Sec. 3. Minnesota Statutes 1988, section 18B.27, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FEE.] An application fee for a special local need registration must be accompanied by a nonrefundable fee of ~~\$425~~ \$150.

Sec. 4. Minnesota Statutes 1988, section 18B.28, subdivision 4, is amended

to read:

Subd. 4. [APPLICATION FEE.] (a) An application for registration of an experimental use pesticide product must be accompanied by a nonrefundable application fee of ~~\$125~~ \$150.

(b) An additional fee of \$200 must be paid by the applicant for each pesticide distributed or used in the state before an initial experimental use pesticide product registration was issued for the pesticide.

Sec. 5. Minnesota Statutes 1989 Supplement, section 18C.205, subdivision 2, is amended to read:

Subd. 2. [PERMIT REQUIRED.] A person may not apply fertilizers through an irrigation system without a chemigation permit from the commissioner. A chemigation permit is required for one or more wells or other sources of irrigation water that are protected from contamination by the same devices as required by rule.

Sec. 6. Minnesota Statutes 1989 Supplement, section 18C.305, subdivision 1, is amended to read:

Subdivision 1. [CONSTRUCTION PERMIT.] A person must obtain a permit from the commissioner on forms provided by the commissioner before the person constructs or substantially alters:

- (1) safeguards; or
- (2) an existing facility used for the ~~manufacture, blending~~ distribution, handling, or bulk storage of fertilizers, soil amendments, or plant amendments. The commissioner may not grant a permit for a site without safeguards that are adequate to prevent the escape or movement of the fertilizers from the site.

Sec. 7. Minnesota Statutes 1989 Supplement, section 18D.103, subdivision 1, is amended to read:

Subdivision 1. [REPORT TO COMMISSIONER.] A responsible party or an owner of real property must, on discovering an incident has occurred, immediately report the incident to the commissioner. *The responsible party must immediately take all reasonable action necessary to minimize or abate the incident and to recover any agricultural chemicals involved in the incident with or without a directive from the commissioner.*

Sec. 8. Minnesota Statutes 1989 Supplement, section 18D.321, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATIVE REVIEW.] If a person notifies the commissioner that the person intends to contest an order issued under this chapter, the state office of administrative hearings shall conduct a hearing in accordance with the applicable provisions of chapter 14 for hearings in contested cases. *For contested corrective action orders, the state office of administrative hearings shall conduct an administrative hearing not later than 14 days after notification that a corrective action order is contested.*

Sec. 9. [18D.323] [CREDITING OF PENALTIES, FEES, AND COSTS.]

*Except for money repaid to the agricultural chemical response and reimbursement account under section 18E.04, subdivision 6, penalties, cost reimbursements, fees, and other moneys collected under this chapter must be deposited into the state treasury and credited to the appropriate pesticide or fertilizer regulatory account.*

Sec. 10. Minnesota Statutes 1989 Supplement, section 18E.03, subdivision 3, is amended to read:

Subd. 3. [DETERMINATION OF RESPONSE AND REIMBURSEMENT FEE.] (a) The commissioner shall determine the amount of the response and reimbursement fee under subdivision 5 after a public hearing, but notwithstanding section 16A.128, based on:

(1) the amount needed to maintain ~~a~~ *an unencumbered* balance in the account of \$1,000,000;

(2) the amount estimated to be needed for responses to incidents as provided in subdivision 2, clauses (1) and (2); and

(3) the amount needed for payment and reimbursement under section 18E.04.

(b) The commissioner shall determine the response and reimbursement fee so that the *total* balance in the account does not exceed \$5,000,000.

(c) Money from the response and reimbursement fee shall be deposited in the treasury and credited to the agricultural chemical response and reimbursement account.

Sec. 11. Minnesota Statutes 1989 Supplement, section 18E.03, subdivision 4, is amended to read:

Subd. 4. [FEE THROUGH 1990.] (a) The response and reimbursement fee consists of the surcharge fees in this subdivision and shall be collected until ~~December 31, 1990~~ *March 1, 1991*.

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration application fee under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state *and sales of pesticides* for use in the state during the ~~previous calendar quarter~~ *period April 1, 1990, through December 31, 1990*, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. *The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale location and the distributors.*

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the license application of persons licensed under chapters 18B and 18C consisting of:

(1) a \$150 surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5;

(2) a \$150 surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under sections 18C.415 and 18C.425;

(3) a \$50 surcharge to be imposed on a structural pest control applicator license application under section 18B.32, subdivision 6, for business license applications only;

(4) a \$20 surcharge to be imposed on commercial applicator license application fees under section 18B.33, subdivision 7;

(5) a \$20 surcharge to be imposed on noncommercial applicator license application fees under section 18B.34, subdivision 5, except a surcharge may not be imposed on a noncommercial applicator that is a state agency, political subdivision of the state, the federal government, or an agency of the federal government; and

(6) a \$50 surcharge for licensed lawn service applicators under chapter 18B or 18C, to be imposed on license application fees.

(e) If a person has more than one license for a site, only one surcharge may be imposed to cover all the licenses for the site.

(f) *A \$1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:*

*(1) the distributor properly documents that it has less than \$2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or*

*(2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.*

*(g) Paragraphs (c) to (f) apply to sales, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.*

Sec. 12. Minnesota Statutes 1989 Supplement, section 18E.03, subdivision 5, is amended to read:

Subd. 5. [FEE AFTER 1990.] (a) The response and reimbursement fee *for calendar years after ~~December 31,~~ calendar year 1990,* consists of the surcharges in this subdivision and shall be collected by the commissioner. The amount of the response and reimbursement fee shall be determined *and imposed annually as required* under subdivision 3. The amount of the surcharges shall be proportionate to ~~and may not exceed~~ the surcharges in subdivision 4.

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration application fee under section 18B.26, subdivision 3, as a percent of *gross sales of the pesticide in the state and sales of the pesticide for use in the state during the previous calendar quarter year,* except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. *The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision*



3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale locations and the distributors.

(c) The commissioner shall impose a fee per ton surcharge on the inspection fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the application fee of persons licensed under chapters 18B and 18C consisting of:

(1) a surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5;

(2) a surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under sections 18C.415 and 18C.425;

(3) a surcharge to be imposed on a structural pest control applicator license application under section 18B.32, subdivision 6, for business license applications only;

(4) a surcharge to be imposed on commercial applicator license application fees under section 18B.33, subdivision 7;

(5) a surcharge to be imposed on noncommercial applicator license application fees under section 18B.34, subdivision 5, except a surcharge may not be imposed on a noncommercial applicator that is a state agency, a political subdivision of the state, the federal government, or an agency of the federal government; and

(6) a surcharge for licensed lawn service applicators under chapter 18B or 18C, to be imposed on license application fees.

(e) If a person has more than one license for a site, only one surcharge may be imposed to cover all the licenses for the site.

(f) A \$1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:

(1) the distributor properly documents that it has less than \$2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or

(2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.

Sec. 13. Minnesota Statutes 1989 Supplement, section 18E.03, is amended by adding a subdivision to read:

*Subd. 7. [APPROPRIATION AND REIMBURSEMENT.] The amount of the response and reimbursement fee imposed under subdivisions 3 to 5 is appropriated from the general fund to the agricultural chemical response and reimbursement account to be reimbursed when the fee is collected.*

Sec. 14. Minnesota Statutes 1989 Supplement, section 18E.04, subdivision 1, is amended to read:

**Subdivision 1. [REIMBURSEMENT OF RESPONSE COSTS.]** The commissioner shall reimburse an eligible person from the agricultural chemical

response and reimbursement account for the reasonable and necessary costs incurred by the eligible person in taking corrective action as provided in subdivision 4, if the board determines:

(1) *the eligible person takes all reasonable action necessary to minimize and abate an incident and the action is subsequently approved by the commissioner;*

(2) *the eligible person complies with any reasonable requests for corrective action issued to the eligible person by the commissioner;*

(3) *the eligible person complied with corrective action orders if issued to the eligible person by the commissioner; and*

~~(2)~~ (4) *the incident was reported as required in chapters 18B, 18C, and 18D.*

Sec. 15. Minnesota Statutes 1989 Supplement, section 103B.3369, subdivision 5, is amended to read:

Subd. 5. [FINANCIAL ASSISTANCE.] The board may award grants to counties only to carry out water resource protection and management programs identified as priorities in comprehensive local water plans. Grants may be used to employ persons and to obtain and use information necessary to:

(1) *develop comprehensive local water plans under ~~section~~ sections 110B.04 and 473.8785 that have not received state funding for water resources planning as provided for in Laws 1987, chapter 404, section 30, subdivision 5, clause (a); and*

(2) *implement comprehensive local water plans.*

Sec. 16. Minnesota Statutes 1989 Supplement, section 103I.005, subdivision 2, is amended to read:

Subd. 2. [BORING.] "Boring" means a hole or excavation that is not used to extract water and includes exploratory borings, ~~and~~ environmental bore holes, ~~and test holes.~~

Sec. 17. Minnesota Statutes 1989 Supplement, section 103I.005, is amended by adding a subdivision to read:

Subd. 4a. [DEWATERING WELL.] "*Dewatering well*" means a non-potable well used to lower groundwater levels to allow for construction or use of underground space. A dewatering well does not include:

(1) *a well or dewatering well 25 feet or less in depth for temporary dewatering during construction; or*

(2) *a well used to lower groundwater levels for control or removal of groundwater contamination.*

Sec. 18. Minnesota Statutes 1989 Supplement, section 103I.005, subdivision 8, is amended to read:

Subd. 8. [ENVIRONMENTAL BORE HOLE.] "Environmental bore hole" means a hole or excavation in the ground *that penetrates a confining layer or is greater than 25 feet in depth and that enters or goes through a water bearing layer and is used to monitor or measure physical, chemical, radiological, or biological parameters without extracting water.* An environmental bore hole also includes bore holes constructed for vapor recovery or venting systems. An environmental bore hole does not include a well, elevator

shaft, exploratory boring, or monitoring well.

Sec. 19. Minnesota Statutes 1989 Supplement, section 103I.005, subdivision 9, is amended to read:

Subd. 9. [EXPLORATORY BORING.] "Exploratory boring" means a surface drilling done to explore or prospect for oil, natural gas, *kaolin clay*, and metallic minerals, including iron, copper, zinc, lead, gold, silver, titanium, vanadium, nickel, cadmium, molybdenum, chromium, manganese, cobalt, zirconium, beryllium, thorium, uranium, aluminum, platinum, palladium, radium, tantalum, tin, and niobium, and a drilling or boring for petroleum.

Sec. 20. Minnesota Statutes 1989 Supplement, section 103I.005, subdivision 16, is amended to read:

Subd. 16. [PERSON.] "Person" means an individual, firm, partnership, association, or corporation *or other entity including the United States government, any interstate body, the state, and any agency, department, or political subdivision of the state.*

Sec. 21. Minnesota Statutes 1989 Supplement, section 103I.101, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The commissioner shall:

(1) regulate the drilling, construction, and sealing of wells *and borings*;

(2) examine and license well contractors, persons modifying or repairing well casings, well screens, or well diameters; constructing, *repairing, and sealing* unconventional wells such as drive point wells or dug wells; *constructing, repairing, and sealing dewatering wells*; sealing wells; installing well pumps or pumping equipment; and excavating or drilling holes for the installation of elevator shafts or hydraulic cylinders;

(3) register and examine monitoring well contractors;

(4) license explorers engaged in exploratory boring and examine individuals who supervise or oversee exploratory boring;

(5) after consultation with the commissioner of natural resources and the pollution control agency, establish standards for the design, location, construction, repair, and sealing of wells ~~and~~, elevator shafts, *and borings* within the state; and

(6) issue permits for wells, groundwater thermal devices, vertical heat exchangers, and excavation for holes to install elevator shafts or hydraulic cylinders.

Sec. 22. Minnesota Statutes 1989 Supplement, section 103I.101, subdivision 5, is amended to read:

Subd. 5. [COMMISSIONER TO ADOPT RULES.] The commissioner shall adopt rules including:

(1) issuance of licenses for:

(i) qualified well contractors, persons modifying or repairing well casings, well screens, or well diameters;

(ii) persons constructing, *repairing, and sealing* unconventional wells such as drive points or dug wells;

(iii) *persons constructing, repairing, and sealing dewatering wells*;

- (iv) persons sealing wells; and
- ~~(iv)~~ (v) persons installing well pumps or pumping equipment and excavating holes for installing elevator shafts or hydraulic cylinders;
- (2) issuance of registration for monitoring well contractors;
- (3) establishment of conditions for examination and review of applications for license and registration;
- (4) establishment of conditions for revocation and suspension of license and registration;
- (5) establishment of minimum standards for design, location, construction, repair, and sealing of wells to implement the purpose and intent of this chapter;
- (6) establishment of a system for reporting on wells drilled and sealed;
- (7) modification of fees prescribed in this chapter, according to the procedures for setting fees in section 16A.128;
- (8) establishment of standards for the construction, maintenance, sealing, and water quality monitoring of wells in areas of known or suspected contamination, for which the commissioner may adopt emergency rules;
- (9) establishment of wellhead protection measures for wells serving public water supplies;
- (10) establishment of procedures to coordinate collection of well data with other state and local governmental agencies; and
- (11) establishment of criteria and procedures for submission of well logs, formation samples or well cuttings, water samples, or other special information required for geologic and water resource mapping.

Sec. 23. Minnesota Statutes 1989 Supplement, section 1031.101, subdivision 6, is amended to read:

Subd. 6. [FEES FOR VARIANCES.] The commissioner shall charge a nonrefundable application fee of ~~\$150~~ \$100 to cover the administrative cost of processing a request for a variance or modification of rules under Minnesota Rules, ~~part 4725.0400, and for a variance relating to well construction, the nonrefundable application fee shall be the same amount as the well permit fee chapter 4725, for wells and borings.~~

Sec. 24. Minnesota Statutes 1989 Supplement, section 1031.111, is amended by adding a subdivision to read:

*Subd. 2a. [FEES.] A board of health under a delegation agreement with the commissioner may charge permit and notification fees in excess of the fees specified in section 1031.208 if the fees do not exceed the total direct and indirect costs to administer the delegated duties.*

Sec. 25. Minnesota Statutes 1989 Supplement, section 1031.111, is amended by adding a subdivision to read:

*Subd. 2b. [ORDINANCE AUTHORITY.] A political subdivision may adopt ordinances to enforce and administer powers and duties delegated under this section. The ordinances may not conflict with or be less restrictive than standards in state law or rule. Ordinances adopted by the governing body of a statutory or home rule charter city or town may not conflict with or be less restrictive than ordinances adopted by the county*

board.

Sec. 26. Minnesota Statutes 1989 Supplement, section 103I.111, subdivision 5, is amended to read:

Subd. 5. [LOCAL GOVERNMENT REGULATION OF OPEN WELLS AND RECHARGING BASINS.] (a) The governing body of a county, municipality, statutory or home rule charter city, or town may regulate open wells and recharging basins *in a manner not inconsistent with this chapter and rules* and may provide penalties for the violations. The use or maintenance of an open well or recharging basin that endangers the safety of a considerable number of persons may be defined as a public nuisance and abated as a public nuisance.

(b) The abatement of the public nuisance may include covering the open well or recharging basin or surrounding the open well or recharging basin with a protective fence.

Sec. 27. [103I.112] [FEE EXEMPTIONS FOR STATE AND LOCAL GOVERNMENT.]

(a) *The commissioner may not charge fees required under this chapter to a state agency or a local unit of government or to a subcontractor performing work for the state agency or local unit of government.*

(b) *“Local unit of government” means a statutory or home rule charter city, town, county, or soil and water conservation district, watershed district, an organization formed for the joint exercise of powers under section 471.59, a local health board, or other special purpose district or authority with local jurisdiction in water and related land resources management.*

Sec. 28. Minnesota Statutes 1989 Supplement, section 103I.205, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION REQUIRED.] (a) Except as provided in paragraphs (d) and (e), a person may not construct a well until a notification of the proposed well on a form prescribed by the commissioner is filed with the commissioner with the filing fee in section 103I.208. If after filing the well notification an attempt to construct a well is unsuccessful, a new notification is not required unless the information relating to the successful well has substantially changed.

(b) The property owner, *the property owner's agent, or the well contractor* where a well is to be located must file the well notification with the commissioner.

(c) The well notification under this subdivision preempts local permits and notifications, and counties or home rule charter or statutory cities may not require a permit or notification for wells.

(d) ~~The owner of a drive point well~~ *A person who is an individual that constructs a drive point well on property owned or leased by the individual for farming or agricultural purposes or as the individual's place of abode must notify the commissioner of the installation and location of the well. The owner person must complete the notification form prescribed by the commissioner and mail it to the commissioner by ten days after the well is completed. A fee may not be charged for the notification. A person who sells drive point wells at retail must provide buyers with notification forms and informational materials including requirements regarding wells, their location, construction, and disclosure. The commissioner must provide the*

notification forms and informational materials to the sellers.

(e) A person may not construct a monitoring well or dewatering well until a permit for the monitoring well is issued by the commissioner for the construction. If after obtaining a permit an attempt to construct a well is unsuccessful, a new permit is not required as long as the initial permit is modified to indicate the location of the successful well.

Sec. 29. Minnesota Statutes 1989 Supplement, section 1031.205, subdivision 2, is amended to read:

Subd. 2. [EMERGENCY PERMIT AND NOTIFICATION EXEMPTIONS.] The commissioner may adopt rules that modify the procedures for filing a well notification *or well permit* if conditions occur that:

(1) endanger the public health and welfare or cause a need to protect the groundwater; or

(2) require the monitoring well contractor, *limited well contractor*, or well contractor to begin constructing a well before obtaining a permit *or notification*.

Sec. 30. Minnesota Statutes 1989 Supplement, section 1031.205, subdivision 4, is amended to read:

Subd. 4. [LICENSE REQUIRED.] (a) Except as provided in paragraph (b), (c), (d), or (e), a person may not drill, construct, or repair a well unless the person has a well contractor's license in possession.

(b) A person may construct a monitoring well if the person is a professional engineer registered under sections 326.02 to 326.15 in the branches of civil or geological engineering, or hydrologists or hydrogeologists certified by the American Institute of Hydrology, any professional engineer registered with the board of architecture, engineering, land surveying, or landscape architecture, or a geologist certified by the American Institute of Professional Geologists, and registers with the commissioner as a monitoring well contractor on forms provided by the commissioner.

(c) A person may do the following work with a limited well contractor's license in possession. *A separate license is required for each of the five activities:*

(1) ~~modify installing or repair~~ *installing or repairing well casings or well screens or pitless units or pitless adaptors and well casings from the the pitless adaptor or pitless unit to the upper termination of the well casing;*

(2) ~~construct~~ *constructing, repairing, and sealing drive point wells or dug wells; or*

(3) ~~install~~ *installing well pumps or pumping equipment;*

(4) *sealing wells; or*

(5) *constructing, repairing, or sealing dewatering wells.*

(d) ~~A person may do the following work with a limited well sealing contractor's license in possession:~~

~~(1) modify or repair well casings or well screens;~~

~~(2) construct drive point wells;~~

~~(3) install well pumps or pumping equipment; or~~

(4) seal wells:

(e) Notwithstanding other provisions of this chapter requiring a license, a license is not required for a person who complies with the other provisions of this chapter if the person is:

(1) an individual who constructs a well on land that is owned or leased by the individual and is used by the individual for farming or agricultural purposes or as the individual's place of abode; or

(2) an individual who performs labor or services for a well contractor in connection with the construction or repair of a well or sealing a well at the direction and at the personal supervision of a well contractor.

Sec. 31. Minnesota Statutes 1989 Supplement, section 1031.205, subdivision 5, is amended to read:

Subd. 5. [AT-GRADE MONITORING WELLS.] At-grade monitoring wells are authorized *without variance* and may be installed for the purpose of evaluating groundwater conditions or for use as a leak detection device. ~~The An at-grade completion monitoring well must empty be installed in accordance with the rules of the commissioner. The at-grade monitoring wells must be installed with an impermeable double locking cap approved by the commissioner and must be labeled monitoring wells.~~

Sec. 32. Minnesota Statutes 1989 Supplement, section 1031.205, subdivision 6, is amended to read:

Subd. 6. [DISTANCE REQUIREMENTS FOR SOURCES OF CONTAMINATION.] (a) A person may not place, construct, or install an actual or potential source of contamination any closer to a well than the isolation distances prescribed by the commissioner by rule unless a variance has been prescribed by rule.

(b) *The commissioner shall establish by rule reduced isolation distances for facilities which have safeguards in accordance with sections 18B.01, subdivision 26, and 18C.005, subdivision 29.*

Sec. 33. Minnesota Statutes 1989 Supplement, section 1031.205, subdivision 8, is amended to read:

Subd. 8. [MONITORING ~~WELL CONTRACT REQUIREMENT~~ WELLS ON PROPERTY OF ANOTHER.] A person may not construct a monitoring well on the property of another until the owner of the property on which the well is to be located and the well owner sign a written ~~contract agreement~~ that describes the nature of the work to be performed, the estimated cost of the work, and provisions identifies which party will be responsible for obtaining maintenance permits and for sealing the monitoring well. *If the property owner refuses to sign the agreement, the well owner may, in lieu of a written agreement, state in writing to the commissioner that the well owner will be responsible for obtaining maintenance permits and sealing the well. Nothing in this subdivision eliminates the responsibilities of the property owner under this chapter, or allows a person to construct a well on the property of another without consent or other legal authority.*

Sec. 34. Minnesota Statutes 1989 Supplement, section 1031.208, subdivision 2, is amended to read:

Subd. 2. [PERMIT FEE.] The permit fee to be paid by a property owner is:

(1) for a well that is inoperable or disconnected from a power supply under a maintenance permit, \$50;

(2) for construction of a monitoring well, \$50;

(3) ~~for monitoring wells owned by a state or federal agency or a local unit of government as defined in section 103B.3363, subdivision 4, there is no fee;~~

~~(4) annually for a monitoring well that is unsealed under a maintenance permit, \$50;~~

~~(5) (4) for monitoring wells used as a leak detection device at a single motor fuel retail outlet or petroleum bulk storage site excluding tank farms, the construction permit fee is \$50 per site regardless of the number of wells constructed on the site and the annual fee for a maintenance permit for unsealed monitoring wells is \$50 per site regardless of the number of monitoring wells located on site;~~

~~(6) (5) for a groundwater thermal exchange device, \$50;~~

~~(7) (6) for a vertical heat exchanger, in addition to the permit fee for wells, \$50;~~

~~(8) (7) for construction of the dewatering well, \$50 for each well except a dewatering project comprising more than ten wells shall be issued a single permit for the wells recorded on the permit for \$500; and~~

~~(9) (8) annually for a dewatering well that is unsealed under a maintenance permit, \$25 for each well, except a dewatering project comprising more than ten wells shall be issued a single permit for wells recorded on the permit for \$250.~~

Sec. 35. Minnesota Statutes 1989 Supplement, section 103I.235, is amended to read:

103I.235 [SALE OF PROPERTY WHERE WELLS ARE LOCATED.]

Subdivision 1. [DISCLOSURE OF WELLS TO BUYER.] (a) Before signing an agreement to sell or transfer real property, the seller must disclose in writing to the buyer information about the status and ~~the~~ location of all known wells on the property, ~~including by delivering to the buyer either a statement by the seller that the seller does not know of any wells on the property, or a disclosure statement indicating the legal description, and the quartile, section, township, range, and county, and a map drawn from available information showing the location of the wells each well to the extent practicable. In the disclosure statement, the seller must indicate, for each well, whether the well is in use, not in use, or sealed.~~

(b) At the time of closing of the sale, the disclosure *statement* information and *the quartile, section, township, and range in which each well is located* must be provided on a well certificate signed by the seller of ~~the property~~ or a person authorized to act on behalf of the seller. *A well certificate need not be provided if the closing occurs before November 1, 1990, or the seller does not know of any wells on the property and the deed or other instrument of conveyance contains the statement: "The Seller certifies that the Seller does not know of any wells on the described real property."*

*If a deed is given pursuant to a contract for deed, the well certificate required by this subdivision shall be signed by the buyer or a person authorized to act on behalf of the buyer.*



(c) If ~~a~~ *the* seller fails to provide a *required* well certificate, ~~a~~ *the* buyer, or a person authorized to act on behalf of the buyer, may sign a well certificate based on the information provided on the disclosure *statement* required by this section or based on other available information.

(d) A county recorder or registrar of titles may not record a deed, ~~or other instrument, or writing of conveyance dated after October 31, 1990,~~ for which a certificate of value is required under section 272.115, or any deed ~~or contract for deed other instrument of conveyance dated after October 31, 1990,~~ from a governmental body exempt from the payment of state deed tax, unless ~~the deed or other instrument of conveyance either contains the statement "The Seller certifies that the Seller does not know of any wells on the described real property," or is accompanied by the well certificate required by this subdivision is filed with the county recorder or registrar of titles and the filing fee paid under section 357.18.~~ *The county recorder or registrar of titles shall note on each deed or other instrument of conveyance accompanied by a well certificate that the well certificate was received. The well certificate shall not be filed or recorded in the records maintained by the county recorder or registrar of titles. The county recorder or registrar of titles shall transmit the well certificate to the commissioner of health within 15 days after receiving the well certificate.*

(e) The commissioner in consultation with county recorders shall prescribe the form for a well certificate and provide well certificate forms to county recorders and registrars of titles and other interested persons.

(f) *Failure to comply with a requirement of this subdivision does not impair:*

(1) *the validity of a deed or other instrument of conveyance as between the parties to the deed or instrument or as to any other person who otherwise would be bound by the deed or instrument; or*

(2) *the record, as notice, of any deed or other instrument of conveyance accepted for filing or recording contrary to the provisions of this subdivision.*

Subd. 2. [LIABILITY FOR FAILURE TO DISCLOSE.] Unless the buyer and seller agree to the contrary, in writing, before the closing of the sale, a seller who fails to disclose the existence of a well at the time of sale and knew ~~of~~ or had reason to know of the existence of ~~a~~ *the* well, is liable to the buyer for costs ~~and reasonable attorney fees~~ relating to ~~the sealing of a the well- and reasonable attorney fees for collection of costs from the seller, if the action must be~~ is commenced ~~by the buyer~~ within six years after the date the buyer ~~purchased~~ *closed the purchase of* the real property where the well is located.

Sec. 36. Minnesota Statutes 1989 Supplement, section 103I.301, subdivision 3, is amended to read:

Subd. 3. [DEWATERING WELLS.] (a) The owner of the property where a dewatering well is located must have the dewatering well sealed when the dewatering well is no longer in use.

(b) A well contractor ~~or~~, limited well sealing contractor, *or limited dewatering well contractor* shall seal the dewatering well.

Sec. 37. Minnesota Statutes 1989 Supplement, section 103I.311, subdivision 3, is amended to read:

Subd. 3. [PROHIBITION ON STATE LAND PURCHASED 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 on the property, whether in use, not in use, or sealed on the property, and making provisions to have the wells not in use properly sealed at the cost of the seller as part of the contract. The deed or other instrument of conveyance evidencing the sale may not be recorded with the county recorder or registrar of titles unless this subdivision is complied with. *Failure to comply with a requirement of this subdivision does not impair:*

(1) *the validity of a deed or other instrument of conveyance as between the parties to the deed or instrument or as to any other person who otherwise would be bound by the deed or instrument; or*

(2) *the record, as notice, of any deed or other instrument of conveyance accepted for filing or recording contrary to the provisions of this subdivision.*

Sec. 38. Minnesota Statutes 1989 Supplement, section 1031.325, subdivision 2, is amended to read:

Subd. 2. [**LIABILITY AFTER SEALING.]** The owner of a well ~~that has had a sealed well certificate filed with the commissioner of health and the county recorder or registrar of titles where the well is located~~ is not liable for contamination of groundwater from the well that occurs after the well has been sealed by a licensed contractor in compliance with this chapter if a report of sealing has been filed with the commissioner of health by the contractor who performed the work, and if the owner has not disturbed or disrupted the sealed well.

Sec. 39. Minnesota Statutes 1988, section 1031.331, subdivision 4, is amended to read:

Subd. 4. [**LANDOWNER WELL SEALING CONTRACTS.]** (a) A county, or contracted local unit of government, may contract with landowners to share the cost of sealing priority wells in accordance with criteria established by the board of water and soil resources.

(b) The county must use the funds allocated from the board of water and soil resources to pay up to 75 percent, but not more than \$2,000 of the cost of sealing priority wells.

(c) A well sealing contract must provide that:

(1) sealing is done in accordance with this chapter and rules of the commissioner of health relating to sealing of unused wells;

(2) payment is made to the landowner, after the well is sealed by a contractor licensed under this chapter; *and*

(3) ~~a sealed well certificate will be issued to the landowner after sealing of the well is completed; and~~

(4) ~~the landowner contractor must file a copy of the sealed well certificate report and a copy of the well record with the commissioner of health.~~

Sec. 40. Minnesota Statutes 1989 Supplement, section 1031.525, subdivision 1, is amended to read:

Subdivision 1. [**APPLICATION.]** (a) A person must file an application and application fee with the commissioner to apply for a well contractor's license.

(b) The application must state the applicant's qualifications for the license,

the equipment the applicant will use in the contracting, and other information required by the commissioner. The application must be on forms prescribed by the commissioner.

*(c) A person may apply as an individual if the person:*

*(1) is not the licensed well contractor representing a firm, partnership, association, corporation, or other entity including the United States government, any interstate body, the state and agency, department or political subdivision of the state; and*

*(2) meets the well contractor license requirements under this chapter and Minnesota Rules, chapter 4725.*

Sec. 41. Minnesota Statutes 1989 Supplement, section 103I.525, subdivision 5, is amended to read:

Subd. 5. [BOND.] (a) As a condition of being issued a well contractor's license, the applicant, *except a person applying for an individual well contractor's license*, must submit a corporate surety bond for \$10,000 approved by the commissioner. The bond must be conditioned to pay the state on unlawful performance of work regulated by this chapter in this state. The bond is in lieu of other license bonds required by a political subdivision of the state.

(b) From proceeds of the bond, the commissioner may compensate persons injured or suffering financial loss because of a failure of the applicant to properly perform work or duties.

Sec. 42. Minnesota Statutes 1989 Supplement, section 103I.525, subdivision 6, is amended to read:

Subd. 6. [LICENSE FEE.] The fee for a well contractor's license is \$250, *except the fee for an individual well contractor's license is \$50.*

Sec. 43. Minnesota Statutes 1989 Supplement, section 103I.531, subdivision 4, is amended to read:

Subd. 4. [ISSUANCE OF LICENSE.] If an applicant passes the examination as determined by the commissioner, submits the bond under subdivision 5, and pays the license fee under subdivision 6, the commissioner shall issue a limited well contractor's license. *If the other conditions of this section are satisfied, the commissioner may not withhold issuance of a dewatering limited license based on the applicant's lack of prior experience under a licensed well contractor.*

Sec. 44. Minnesota Statutes 1989 Supplement, section 103I.541, subdivision 1, is amended to read:

Subdivision 1. [INITIAL REGISTRATION AFTER ~~DECEMBER 31, July 1, 1990.~~ After ~~December 31, July 1, 1990,~~ a person seeking initial registration as a monitoring well contractor must meet examination and experience requirements adopted by the commissioner by rule.

Sec. 45. Minnesota Statutes 1989 Supplement, section 103I.541, is amended by adding a subdivision to read:

*Subd. 2a. [APPLICATION.] (a) An individual must submit an application and application fee to the commissioner to apply for a monitoring well contractor registration.*

*(b) The application must be on forms prescribed by the commissioner.*

*The application must state the applicant's qualifications for the registration, the equipment the applicant will use in the contracting, and other information required by the commissioner.*

Sec. 46. Minnesota Statutes 1989 Supplement, section 1031.541, is amended by adding a subdivision to read:

*Subd. 2b. [APPLICATION FEE.] The application fee for a monitoring well contractor registration is \$50. The commissioner may not act on an application until the application fee is paid.*

Sec. 47. Minnesota Statutes 1989 Supplement, section 1031.681, is amended to read:

1031.681 [PERMIT FOR UNDERGROUND STORAGE OF GAS OR LIQUID.]

Subdivision 1. [PERMIT REQUIRED.] (a) The state, a person, partnership, association, private or public corporation, county, municipality, or other political subdivision of the state may not displace groundwater in consolidated or unconsolidated formations by the underground storage of a gas or liquid under pressure without an underground storage permit from the ~~commissioners~~ commissioner of natural resources ~~and health~~.

(b) The state, a person, a public corporation, county, municipality, or other political subdivision of the state may not store a gas or liquid, except water, below the natural surface of the ground by using naturally occurring rock materials as a storage reservoir without an underground storage permit from the ~~commissioners~~ commissioner of ~~health and~~ natural resources.

Subd. 2. [APPLICATION.] (a) A person may apply for an underground storage permit by filing an application form with the commissioner of natural resources accompanied by the application fee and maps, plans, and specifications describing the proposed displacement of groundwater and the underground storage of gases or liquids and other data required by the commissioner.

(b) The commissioner of natural resources shall prescribe the application form to apply for an underground storage permit.

(c) The commissioner of natural resources may require an applicant to demonstrate to the commissioner that the applicant has adequately provided a method to ensure payment of any damages resulting from the operation of a gas or liquid storage reservoir.

Subd. 3. [HEARING REQUIRED.] (a) An underground storage permit allowing displacement of groundwater may not be issued by the commissioner of natural resources ~~or health~~ without holding a public hearing on the issuance of the permit.

(b) By 20 days after receiving a complete application, the commissioner of natural resources shall set a time and location for the hearing.

Subd. 4. [NOTICE OF HEARING.] The hearing notice must:

(1) state the date, place, and time of the hearing;

(2) show the location of groundwater and surface water and property affected by the proposed underground storage;

(3) be published by the applicant, or by the commissioner of natural resources if the proceeding is initiated by the commissioner of natural

resources ~~or health~~, once each week for two successive weeks in a legal newspaper that is published in the county where a part or all of the affected groundwater or surface waters are located; and

(4) be mailed by the commissioner of natural resources to the county auditor and the chief executive official of an affected municipality.

Subd. 5. [PROCEDURE AT HEARING.] (a) The hearing must be public and conducted by the commissioner of natural resources or a referee appointed by the commissioner.

(b) Affected persons must have an opportunity to be heard. Testimony must be taken under oath and the parties must have the right of cross-examination. The commissioner of natural resources shall provide a stenographer, at the expense of the applicant, to take testimony and a record of the testimony, and all proceedings at the hearing shall be taken and preserved.

(c) The commissioner of natural resources is not bound by judicial rules of evidence or of pleading and procedure.

Subd. 6. [SUBPOENAS.] The commissioner of natural resources ~~or health~~ may subpoena and compel the attendance of witnesses and the production of books and documents material to the purposes of the hearing. Disobedience of a subpoena, or refusal to be sworn, or refusal to answer as a witness, is punishable as contempt in the same manner as a contempt of the district court. The commissioner of natural resources must file a complaint of the disobedience with the district court of the county where the disobedience or refusal occurred.

Subd. 7. [REQUIRED FINDINGS.] An order granting a permit for the proposed storage may not be issued unless it contains and is based on a finding stating:

(1) the proposed storage will be confined to geological stratum or strata lying more than 500 feet below the surface of the soil;

(2) the proposed storage will not substantially impair or pollute groundwater or surface water; and

(3) the public convenience and necessity of a substantial portion of the gas-consuming public in the state will be served by the proposed project.

Subd. 8. [ORDER CONDITIONS.] The order granting the permit must contain conditions and restrictions that will reasonably protect:

(1) private property or an interest not appropriated;

(2) the rights of the property owners and owners of an interest in property located within the boundaries of the proposed storage area, or persons claiming under the owners, to explore for, drill for, produce or develop for the recovery of oil or gas or minerals under the property, and to drill wells on the property to develop and produce water; provided that the exploration, drilling, producing, or developing complies with orders and rules of the commissioner of natural resources that protect underground storage strata or formations against pollution and against the escape of gas; and

(3) public resources of the state that may be adversely affected by the proposed project.

Subd. 9. [PUBLICATION OF FINDINGS, CONCLUSIONS, ORDERS.] (a) The commissioner of natural resources shall mail notice of any findings,

conclusions, and orders made after the hearing to:

- (1) the applicant;
- (2) parties who entered an appearance at the hearing;
- (3) the county auditor; and
- (4) the chief executive officer of an affected municipality.

(b) The commissioner of natural resources must publish notice of findings, conclusions, and orders made after the hearing at least once each week for two successive weeks in a legal newspaper in the county where a part or all of the proposed project is located. The costs of the publication must be paid by the applicant.

Subd. 10. [APPEAL OF COMMISSIONER'S DETERMINATION.] An interested party may appeal the determination of the commissioner of natural resources ~~or health~~ to the court of appeals in accordance with the provisions of chapter 14.

Subd. 11. [PERMIT FEE SCHEDULE.] (a) The commissioner of natural resources ~~or health~~ shall adopt a permit fee schedule under chapter 14. The schedule may provide minimum fees for various classes of permits, and additional fees, which may be imposed subsequent to the application, based on the cost of receiving, processing, analyzing, and issuing the permit, and the actual inspecting and monitoring of the activities authorized by the permit, including costs of consulting services.

(b) A fee may not be imposed on a state or federal governmental agency applying for a permit.

(c) The fee schedule may provide for the refund of a fee, in whole or in part, under circumstances prescribed by the commissioner of natural resources. Permit fees received must be deposited in the state treasury and credited to the general fund. The amount of money necessary to pay the refunds is appropriated annually from the general fund to the commissioner of natural resources.

Sec. 48. Minnesota Statutes 1989 Supplement, section 103I.685, is amended to read:

103I.685 [ABANDONMENT OF UNDERGROUND STORAGE PROJECT.]

An underground storage project for which an underground storage permit is granted may not be abandoned, or a natural or artificial opening extending from the underground storage area to the ground surface be filled, sealed, or otherwise closed to inspection, except after written approval by the commissioner of natural resources ~~or health~~ and in compliance with conditions that the ~~commissioners~~ *commissioner* may impose.

Sec. 49. Minnesota Statutes 1989 Supplement, section 103I.691, is amended to read:

103I.691 [CERTIFICATE OF USE.]

A person may not use a gas or liquid storage reservoir under an underground storage permit unless the right to use the property affected by the project has been acquired and a notice of the acquisition filed with the commissioner of natural resources ~~or health~~. The commissioner of natural resources ~~or health~~ must issue a certificate approving use of the gas or

liquid storage reservoir.

Sec. 50. Minnesota Statutes 1989 Supplement, section 103I.705, subdivision 2, is amended to read:

Subd. 2. [SEALING WELLS AND ELEVATOR SHAFTS.] A well contractor or limited well sealing contractor who seals a well, a monitoring well contractor who seals a monitoring well, or a well contractor or an elevator shaft contractor who seals a hole that was used for an elevator shaft under a corrective order of the commissioner in a manner that does not comply with ~~the water well construction code rules adopted under this chapter~~, shall be assessed an administrative penalty of \$500.

Sec. 51. Minnesota Statutes 1989 Supplement, section 103I.705, subdivision 3, is amended to read:

Subd. 3. [CONTAMINATION RELATING TO WELL CONSTRUCTION.] A well contractor, limited well contractor, or monitoring well contractor working under a corrective order of the commissioner who fails to comply with the rules ~~in the water well construction code adopted under this chapter~~ relating to location of wells in relation to potential sources of contamination, grouting, materials, or construction techniques shall be assessed an administrative penalty of \$500.

Sec. 52. Minnesota Statutes 1988, section 115B.02, subdivision 3, is amended to read:

Subd. 3. [AGENCY.] "Agency" means the *commissioner of agriculture for actions, duties, or authorities relating to agricultural chemicals, or for other substances, the pollution control agency*.

Sec. 53. Minnesota Statutes 1988, section 115B.02, is amended by adding a subdivision to read:

*Subd. 3a. [AGRICULTURAL CHEMICAL.] "Agricultural chemical" has the meaning given in section 18D.01, subdivision 3.*

Sec. 54. Minnesota Statutes 1988, section 115B.02, subdivision 4, is amended to read:

Subd. 4. [COMMISSIONER.] "Commissioner" means the *commissioner of agriculture for actions, duties, or authorities related to agricultural chemicals or the commissioner of the pollution control agency for other substances*.

Sec. 55. Minnesota Statutes 1989 Supplement, section 115B.20, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] (a) The environmental response, compensation, and compliance account is in the environmental fund in the state treasury and may be spent only for the purposes provided in subdivision 2.

(b) The commissioner of finance shall administer a response account ~~in the fund~~ for the agency and the commissioner of agriculture to take removal, response, and other actions authorized under subdivision 2, clauses (1) to (4) and (11) to (13). The commissioner of finance shall ~~allocate~~ transfer money from the response account to the agency and the commissioner of agriculture to take actions required under subdivision 2, clauses (1) to (4) and (11) to (13).

(c) The commissioner of finance shall administer the account in a manner

that allows the commissioner of agriculture and the agency to utilize the money in the account to implement their removal and remedial action duties as effectively as possible.

*(d) Amounts appropriated to the commissioner of finance under this subdivision shall not be included in the department of finance budget but shall be included in the pollution control agency and department of agriculture budgets.*

Sec. 56. Minnesota Statutes 1989 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 water commission ~~on 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. 57. Minnesota Statutes 1988, section 326.37, is amended to read:



**326.37 [PLUMBERS; SUPERVISION BY STATE COMMISSIONER OF HEALTH; RULES; VIOLATION; PENALTY.]**

*Subdivision 1.* The state commissioner of health may, by rule, prescribe minimum standards which shall be uniform, and which standards shall thereafter be effective for all new plumbing installations, including additions, extensions, alterations, and replacements connected with any water or sewage disposal system owned or operated by or for any municipality, institution, factory, office building, hotel, apartment building, or any other place of business regardless of location or the population of the city or town in which located. Violation of the rules shall be a misdemeanor.

The commissioner shall administer the provisions of sections 326.37 to 326.45 and for such purposes may employ plumbing inspectors and other assistants.

*Subd. 2. [STANDARDS FOR CAPACITY.]* *By January 1, 1993, all new floor-mounted water closets in areas under jurisdiction of the state plumbing code may not have a flush volume of more than 1.6 gallons. The water closets must meet the standards of the commissioner and the American National Standards Institute.*

Sec. 58. Laws 1989, chapter 326, article 3, section 49, is amended to read:

**Sec. 49. [EFFECTIVE DATE.]**

Section 9 ~~is~~, subdivisions 1; 2; 3; 4, paragraphs (a), (d), and (e); 5; 6; 7; 8; and 9 are effective July 1, 1989, but a well notification is not required to be filed with the commissioner for construction of a well until after December 31, 1989.

*Section 9, subdivision 4, paragraphs (b) and (c), are effective July 1, 1990.*

Section 14 relating to disclosing wells to buyers and transferees is effective July 1, 1990.

~~Section~~, Sections 31, 32, and 33 are effective July 1, 1990, and limited well contractor licenses and limited well sealing licenses may not be issued until after that date.

Sections 24 and 33 relating to permits required for elevator shafts and elevator shaft contractor licenses are effective July 1, 1990.

Sec. 59. Laws 1989, chapter 326, article 6, section 33, subdivision 2, is amended to read:

**Subd. 2. [TASK FORCE.]** (a) The task force must include farmers, representatives from farm organizations, the fertilizer industry, University of Minnesota, environmental groups, representatives of local government involved with comprehensive local water planning, and other state agencies, including the pollution control agency, the department of health, the department of natural resources, the state planning agency, and the board of water and soil resources.

(b) The task force shall review existing research including pertinent research from the University of Minnesota and shall develop recommendations for a nitrogen fertilizer management plan for the prevention, evaluation, and mitigation of nonpoint source occurrences of nitrogen fertilizer in waters of the state. The nitrogen fertilizer management plan must include

components promoting prevention and developing appropriate responses to the detection of inorganic nitrogen from fertilizer sources in ground or surface water.

(c) The task force shall report its recommendations to the commissioner by ~~May~~ August 1, 1990. The commissioner shall report to the environmental quality board by ~~July~~ October 1, 1990, on the task force's recommendations. The recommendations of the task force shall be incorporated into an overall nitrogen plan prepared by the pollution control agency and the department of agriculture.

Sec. 60. Laws 1989, chapter 326, article 8, section 10, is amended to read:

Sec. 10. [EFFECTIVE DATE.]

~~Sections 3, 4, and 5~~ are effective July 1, 1990, and applies to pesticide sales on or after April 1, 1990, and to sales other than pesticides, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.

Section 4 is effective July 1, 1989, and applies to costs of a corrective action as defined by section 18D.01, subdivision 4, incurred by eligible persons after that date.

Section 5 is effective July 1, 1990.

Sec. 61. Laws 1989, chapter 335, article 1, section 23, subdivision 4, is amended to read:

Subd. 4. Groundwater and Solid Waste Pollution Control

	\$ 7,813,000	\$ 8,313,000
	Summary by Fund	
General	\$ 2,553,000	\$ 3,053,000
Environmental Response	\$ 2,890,000	\$ 2,890,000
Metro Landfill Abatement	\$ 1,700,000	\$ 1,700,000
Metro Landfill Contingency	\$ 670,000	\$ 670,000

*Of the amount appropriated from the environmental response fund, \$55,000 the first year and \$55,000 the second year is appropriated to the commissioner of agriculture for two positions to administer agricultural chemical superfund site activities. The appropriation the first year does not cancel and is available for the second year.*

All money in the environmental response, compensation, and compliance fund not otherwise appropriated, is appropriated to the commissioner of finance for transfer to the pollution control agency for the purposes described in the environmental response and liability act, Minnesota Statutes, section

~~115B.20, subdivision 2, paragraphs (a), (b), (c), and (d) and the commissioner of agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (4), (11), (12), and (13). This appropriation is available until June 30, 1991.~~

All money in the metropolitan landfill abatement fund not otherwise appropriated is appropriated to the pollution control agency for payment to the metropolitan council and may be used by the council for the purposes of Minnesota Statutes, section 473.844. The council may not spend the money until the legislative commission on waste management has made its recommendations on the budget and work program submitted by the council.

\$1,000,000 the first year and \$1,500,000 the second year are appropriated from the general fund for transfer to the environmental response, compensation, and compliance fund.

Any unencumbered balance from the metropolitan landfill contingency fund remaining in fiscal year 1990 does not cancel but is available for fiscal year 1991.

Sec. 62. Laws 1990, chapter 391, article 7, section 2, is amended by adding a subdivision to read:

*Subd. 13a. [ONCE-THROUGH SYSTEM.] "Once-through system" means a space heating, ventilating, air conditioning (HVAC), or refrigeration system used for any type of temperature or humidity control application, utilizing groundwater, that circulates through the system and is then discharged without recirculating the majority of the water in the system components or reusing it for another purpose.*

Sec. 63. Laws 1990, chapter 391, article 7, section 27, is amended by adding a subdivision to read:

*Subd. 4a. [MT. SIMON-HINCKLEY AQUIFER.] (a) The commissioner may not issue new water use permits that will appropriate water from the Mt. Simon-Hinckley aquifer unless the appropriation is for potable water use, there are no feasible or practical alternatives to this source, and a water conservation plan is incorporated with the permit.*

*(b) The commissioner shall terminate all permits authorizing appropriation and use of water from the Mt. Simon-Hinckley aquifer for once-through systems in the seven-county metropolitan area by December 31, 1992.*

Sec. 64. Laws 1990, chapter 391, article 7, section 27, subdivision 5, is amended to read:

**Subd. 5. [CERTAIN COOLING SYSTEM PERMITS PROHIBITED PROHIBITION ON ONCE-THROUGH WATER USE PERMITS.]** (a) The commissioner may not, after December 31, 1990, issue a water use permit to increase the volume of appropriation from a groundwater source for a once-through cooling system using in excess of 5,000,000 gallons annually.

(b) ~~For purposes of this subdivision, a once-through cooling system means a cooling or heating system for human comfort that draws a continuous stream of water from a groundwater source to remove or add heat for cooling, heating, or refrigeration. Once-through system water use permits using in excess of 5,000,000 gallons annually, must be terminated by the commissioner by the end of their design life but not later than December 31, 2010. Existing once-through systems are required to convert to water efficient alternatives within the design life of existing equipment. The commissioner shall, by August 1, 1990, submit to the legislative water commission for review the approach by which the commissioner will achieve appropriate conversion of the systems after considering the age of the system, the condition of the system, recent investments in the system, and feasibility and costs of alternatives available to replace usage of a once-through system.~~

Sec. 65. Laws 1990, chapter 391, article 7, section 27, subdivision 6, is amended to read:

Subd. 6. [WATER USE PERMIT PROCESSING FEE.] (a) Except as described in paragraph (b), a water use permit processing fee not to exceed \$2,000 must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) 0.05 cents per 1,000 gallons for the first 50,000,000 gallons per year; and

(2) 0.1 cents per 1,000 gallons for amounts greater than 50,000,000 gallons per year.

(b) For once-through cooling systems ~~as defined in subdivision 5~~, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) 5.0 cents per 1,000 gallons until December 31, 1991;

(2) 10.0 cents for 1,000 gallons from January 1, 1992, until December 31, 1996; and

(3) 15.0 cents per 1,000 gallons after January 1, 1997.

(c) The fee is payable based on the amount of water ~~permitted~~ *appropriated* during the year and in no case may the fee be less than \$25. *The commissioner shall notify all permittees of the fee changes authorized by this law by July 1, 1990. The commissioner is authorized to refund 1989 water use report processing fees under this subdivision.*

(d) *For once-through systems fees payable after July 1, 1993, at least 50 percent of the fee deposited in the general fund shall be used for grants, loans, or other financial assistance as appropriated by the legislature to assist in financing retrofitting of permitted once-through systems until December 31, 1999. The commissioner shall adopt rules for determining eligibility and criteria for the issuance of grants, loans, or other financial assistance for retrofitting according to chapter 14, by July 1, 1993.*

(~~d~~) (e) Failure to pay the fee is sufficient cause for revoking a permit. *A fee may not be imposed on any state agency, as defined in section 16B.01, or a federal agency that holds a water appropriation permit.*

Sec. 66. Laws 1990, chapter 391, article 7, section 29, subdivision 2,

is amended to read:

Subd. 2. [MEASURING EQUIPMENT REQUIRED.] An installation for appropriating or using water must be equipped with a ~~device or use a method~~ flow meter to measure the quantity of water appropriated ~~with reasonable accuracy within the degree of accuracy required by rule. The commissioner's determination of the method~~ commissioner can determine other methods to be used for measuring water quantity ~~must be~~ based on the quantity of water appropriated or used, the source of water, the method of appropriating or using water, and any other facts supplied to the commissioner.

Sec. 67. [BOND WAIVER.]

*Until December 31, 1991, the commissioner may waive the bond requirement for licensure under section 1031.525, subdivision 5, or 1031.531, subdivision 5, if the commissioner determines that a well contractor or limited well contractor has made a good faith effort to obtain a bond from more than one company, and the bond cannot be obtained because of insufficient net worth or inadequate liquid assets as determined by the bond company, and the well contractor or limited well contractor complies with all other requirements for licensure under the provisions of this chapter.*

Sec. 68. [CONTINUANCE OF WATER COMMISSION.]

*Notwithstanding any other law passed during the 1990 legislative session, the legislative commission on water is not terminated and shall continue until June 30, 1994, and the appropriation in Laws 1989, chapter 326, article 10, section 1, subdivision 5, does not cancel and is appropriated from the general fund to be available until June 30, 1991.*

Sec. 69. [INSTRUCTION TO REVISOR.]

*In the 1990 and subsequent editions of Minnesota Statutes the revisor shall:*

*(1) change the terms "pollution control agency" and "commissioner of the pollution control agency" to "agency" and "commissioner" respectively in sections 115B.17 and 115B.18; and*

*(2) change the terms "commissioner" and "agency" to "commissioner of the pollution control agency" and "pollution control agency" respectively in section 115B.17, subdivision 13.*

Sec. 70. [COMMISSION INVESTIGATION.]

*The legislative water commission shall investigate the needs and feasibility of allowing state bonding, grants, loans, or other financial assistance for conversion of once-through systems.*

Sec. 71. [DELEGATION AGREEMENTS.]

*Notwithstanding the provisions of Minnesota Statutes, chapter 1031, a delegation agreement between the commissioner of health and a board of health executed before July 1, 1989, shall remain in full force and effect until December 31, 1991.*

Sec. 72. [RESPONSE TO AGRICULTURAL CHEMICAL INCIDENTS.]

*The commissioner of agriculture may take corrective action under Minnesota Statutes, chapter 18D, or response and remedial action under Minnesota Statutes, chapter 115B, or both, as provided under those chapters.*

*in responding to an agricultural chemical incident, release, or threatened release.*

Sec. 73. [REPEALER.]

*Minnesota Statutes 1988, sections 115B.17, subdivision 8; and 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; 103I.325, subdivision 1; and 103I.533, are repealed.*

Sec. 74. [APPROPRIATION; AGRICULTURE LEGAL COSTS.]

*\$75,000 is appropriated from the environmental account to the commissioner of agriculture to pay for legal costs relating to responses to agricultural incidents.*

Sec. 75. [EFFECTIVE DATE.]

*Sections 1 to 12 and 14 are effective July 1, 1990, except the additional one-tenth of one percent under Minnesota Statutes, section 18B.26, subdivision 3, paragraph (a), for each pesticide for which a health advisory summary has been published, is not effective until January 1, 1992, to be collected for calendar year 1992 and years thereafter. Section 13 is effective July 1, 1991. Sections 15 to 55 and 59 to 71 and 73 are effective the day following final enactment. Section 58 is effective the day following final enactment, retroactive to July 1, 1989.*

*Section 17 is effective the day following final enactment except that dewatering wells may be constructed and operate down to 45 feet without permits or permit fees required by Minnesota Statutes, chapter 103I, until June 30, 1992."*

Delete the title and insert:

"A bill for an act relating to health; providing regulations for bulk pesticide storage; amending provisions relating to pesticide registration fees and application fees; requiring permits for sources of irrigation water; requiring a permit for construction of a fertilizer distribution facility; requiring a responsible party to immediately take reasonable action necessary to abate an agricultural chemical incident; requiring certain administrative hearings on contested orders within 14 days; crediting certain agricultural penalties to the pesticide or fertilizer regulatory accounts; amending provisions relating to the registration surcharge and the agricultural chemical response and reimbursement fee; appropriating money from the general fund to be reimbursed with response and reimbursement fees; amending provisions relating to response and reimbursement eligibility; providing commissioner of agriculture authority under chapter 115B for agricultural chemical incidents; defining agricultural chemical; clarifying requirements for water well construction, repair, sealing, and ownership; amending requirements for fees relating to water wells, monitoring wells, variances, and certain licenses; clarifying provisions for at-grade monitoring wells; requiring the establishment of reduced isolation distances for facilities with safeguards; clarifying conditions to issue a limited well contractor's license; clarifying disclosure requirements for sale of property where wells are located; clarifying liability and responsibility for complying with certain well requirements; providing that the commissioner of natural resources have authority over permits for the underground storage of gas or liquid; imposing limits on the flush volume of new floor-mounted water closets; establishing requirements to limit the use of once-through water systems; limiting the

issuance of permits for once-through systems; requiring investigation of financial assistance for conversion of once-through systems; clarifying fee requirements and the use of fees; requiring methods to measure water use; allowing a waiver of bond requirements for well or limited well contractors; continuing the legislative commission on water; continuing certain delegation agreements between the commissioner of health and a board of health; amending effective dates; amending appropriations; appropriating money; amending Minnesota Statutes 1988, sections 18B.14, subdivision 2; 18B.27, subdivision 3; 18B.28, subdivision 4; 103I.331, subdivision 4; 115B.02, subdivisions 3, 4, and by adding a subdivision; 326.37; Minnesota Statutes 1989 Supplement, sections 18B.26, subdivision 3; 18C.205, subdivision 2; 18C.305, subdivision 1; 18D.103, subdivision 1; 18D.321, subdivision 2; 18E.03, subdivisions 3, 4, 5, and by adding a subdivision; 18E.04, subdivision 1; 103B.3369, subdivision 5; 103I.005, subdivisions 2, 8, 9, 16, and by adding a subdivision; 103I.101, subdivisions 2, 5, and 6; 103I.111, subdivision 5, and by adding subdivisions; 103I.205, subdivisions 1, 2, 4, 5, 6, and 8; 103I.208, subdivision 2; 103I.235; 103I.301, subdivision 3; 103I.311, subdivision 3; 103I.325, subdivision 2; 103I.525, subdivisions 1, 5, and 6; 103I.531, subdivision 4; 103I.541, subdivision 1, and by adding subdivisions; 103I.681; 103I.685; 103I.691; 103I.705, subdivisions 2 and 3; 115B.20, subdivision 1; 116C.69, subdivision 3; Laws 1989, chapters 326, article 3, section 49; article 6, section 33, subdivision 2; article 8, section 10; and 335, article 1, section 23, subdivision 4; Laws 1990, chapter 391, article 7, sections 2, by adding a subdivision; and 27, subdivisions 5 and 6, and by adding a subdivision; and 29, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 18D and 103I; repealing Minnesota Statutes 1988, sections 115B.17, subdivision 8; and 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; 103I.325, subdivision 1; and 103I.533."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Steven Morse, Charles R. Davis, Gary M. DeCramer, Tracy L. Beckman, John Bernhagen

House Conferees: (Signed) Len Price, Henry J. Kalis, Dave Bishop, Willard Munger, Elton R. Redalen

Mr. Morse moved that the foregoing recommendations and Conference Committee Report on S.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.

S.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 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	McGowan	Piper
Anderson	Davis	Johnson, D.J.	McQuaid	Pogemiller
Beckman	Decker	Knaak	Merriam	Ramstad
Belanger	DeCramer	Knutson	Metzen	Reichgott
Benson	Dicklich	Kroening	Moe, R.D.	Renneke
Berglin	Flynn	Langseth	Morse	Spear
Bernhagen	Frederick	Lantry	Novak	Storm
Bertram	Frederickson, D.R.	Larson	Olson	Stumpf
Brataas	Freeman	Lessard	Pariseau	Vickerman
Chmielewski	Gustafson	Luther	Pehler	Waldorf
Cohen	Hughes	Marty	Piepho	

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

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. 1891 and 2064.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1813: A bill for an act relating to human services; amending the Medicare certification requirement for nursing homes; amending Minnesota Statutes 1989 Supplement, section 256B.48, subdivision 6.

There has been appointed as such committee on the part of the House:

Welle, Rodosovich and Greenfield.

Senate File No. 1813 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1873, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1873: A bill for an act relating to crime victims; providing victims of delinquent acts the right to request notice of release of juvenile offenders



from juvenile correctional facilities; providing notice to sexual assault victims when a juvenile offender is released from pretrial detention; requiring that victims be informed of their right to request the withholding of public law enforcement data that identifies them; clarifying the duty of court administrators to disburse restitution payments; making certain changes to the crime victims reparations act; amending Minnesota Statutes 1988, sections 611A.53, subdivision 2; and 611A.57, subdivision 6; Minnesota Statutes 1989 Supplement, sections 13.84, subdivision 5a; 260.161, subdivision 2; 611A.04, subdivision 2; 611A.06; 611A.52, subdivision 8; and 629.73; proposing coding for new law in Minnesota Statutes, chapter 611A.

Senate File No. 1873 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1946, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1946: A bill for an act relating to agriculture; providing for deficiency judgments relating to foreclosure and sale of mortgages on property used in agricultural production; requiring fair market value to be determined by the court; extending period for execution on judgment; amending Minnesota Statutes 1988, sections 500.24, subdivision 4; 582.30, subdivisions 3, 4, 5, and 6.

Senate File No. 1946 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1860: A bill for an act relating to domestic abuse; authorizing courts to exclude a respondent from the place of employment of a petitioner in an order for protection; clarifying the probable cause arrest provision for violations of orders for protection; authorizing bonds to ensure compliance with orders for protection; authorizing referrals to prosecuting authorities for violations of orders for protection; improving prosecutorial procedures in domestic abuse cases; requiring the commissioner of public safety to study the feasibility and costs of a statewide computerized data base on domestic abuse; requiring a report; expanding the crime of first degree murder to include certain deaths caused by domestic abuse; imposing penalties; amending Minnesota Statutes 1988, sections 518B.01, subdivisions 6, 7, and 14; and 611A.0315, subdivision 1; Minnesota Statutes

1989 Supplement, section 609.185; proposing coding for new law in Minnesota Statutes, chapter 611A.

Senate File No. 1860 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

### CONCURRENCE AND REPASSAGE

Ms. Reichgott moved that the Senate concur in the amendments by the House to S.F. No. 1860 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1860 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	Cohen	Hughes	Marty	Pogemiller
Anderson	Dahl	Johnson, D.E.	McGowan	Ramstad
Beckman	Davis	Johnson, D.J.	McQuaid	Reichgott
Belanger	Decker	Knaak	Merriam	Renneke
Benson	DeCramer	Knutson	Metzen	Spear
Berg	Flynn	Kroening	Morse	Stumpf
Berglin	Frank	Laidig	Novak	Vickerman
Bernhagen	Frederick	Lantry	Olson	Waldorf
Bertram	Frederickson, D.R.	Larson	Pariseau	
Brataas	Freeman	Lessard	Pehler	
Chmielewski	Gustafson	Luther	Peterson, R.W.	

So the bill, as amended, was repassed 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. 1674 from 1:00 to 3:00 p.m.:

Messrs. Frederickson, D.J.; Frederickson, D.R. and Berg. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Merriam moved that S.F. No. 1001 be taken from the table. The motion prevailed.

S.F. No. 1001: A bill for an act relating to the community dispute resolution program; establishing eligibility criteria for grant recipients; appropriating money; amending Minnesota Statutes 1988, sections 494.01, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 494.

### CONCURRENCE AND REPASSAGE

Mr. Merriam moved that the Senate concur in the amendments by the House to S.F. No. 1001 and that the bill be placed on its repassage as

amended. The motion prevailed.

S.F. No. 1001 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	Johnson, D.J.	McQuaid	Ramstad
Anderson	Decker	Knaak	Merriam	Reichgott
Beckman	DeCramer	Knutson	Metzen	Renneke
Benson	Dicklich	Kroening	Morse	Schmitz
Berg	Flynn	Laidig	Novak	Spear
Berglin	Frank	Lantry	Olson	Storm
Bernhagen	Frederickson, D.J.	Larson	Pariseau	Stumpf
Bertram	Frederickson, D.R.	Lessard	Pehler	Vickerman
Brataas	Freeman	Luther	Peterson, R. W.	Waldorf
Cohen	Hughes	Marty	Piepho	
Dahl	Johnson, D.E.	McGowan	Pogemiller	

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

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. 2229: A bill for an act relating to elections; clarifying language and changing procedures for voter registration, absentee voters, and polling place rosters; defining certain terms; changing certain time limits; providing for certain services to disabled persons at state political party conventions; providing for persons who are permanently ill or disabled to automatically receive absentee ballot applications before each election; modifying election procedures for town supervisors; requiring a report; amending Minnesota Statutes 1988, sections 200.02, by adding a subdivision; 201.022; 201.023; 201.054, subdivision 1; 201.061, subdivision 1; 201.071, subdivisions 3 and 4; 201.081; 201.091; 201.12, subdivision 2; 201.121, subdivisions 1 and 2; 201.171; 201.211; 201.221; 201.27, subdivision 1; 203B.04, by adding a subdivision; 203B.09; 203B.12, subdivisions 2 and 3; 204B.28, subdivision 2; 204B.45, subdivision 2; 204C.10; 204C.12, subdivision 4; 204C.27; 367.03, subdivision 1; 367.33, subdivision 4; Minnesota Statutes 1989 Supplement, sections 202A.13; 203B.13, subdivision 3a; proposing coding for new law in Minnesota Statutes, chapter 201; and repealing Minnesota Statutes 1988, sections 201.061, subdivision 2; 201.071, subdivisions 5 and 6; and 201.091, subdivision 3.

Senate File No. 2229 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

### CONCURRENCE AND REPASSAGE

Mr. Hughes moved that the Senate concur in the amendments by the House to S.F. No. 2229 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2229: A bill for an act relating to elections; clarifying language and changing procedures for voter registration, absentee voters, and polling place rosters; defining certain terms; changing certain time limits; providing for persons who are permanently ill or disabled to automatically receive absentee ballot applications before each election; providing for certain services at state party conventions; requiring a report; changing filing requirements for town elections; exempting certain noncommercial signs from municipal regulation; amending Minnesota Statutes 1988, sections 200.02, by adding a subdivision; 201.022; 201.023; 201.054, subdivision 1; 201.061, subdivision 1; 201.071, subdivisions 3 and 4; 201.081; 201.091; 201.12, subdivision 2; 201.121, subdivisions 1 and 2; 201.171; 201.211; 201.221; 201.27, subdivision 1; 203B.04, by adding a subdivision; 203B.09; 203B.12, subdivisions 2 and 3; 204B.09, subdivision 1; 204B.28, subdivision 2; 204B.45, subdivision 2; 204C.10; 204C.12, subdivision 4; 204C.27; 367.03, subdivision 1; and 367.33, subdivision 4; Minnesota Statutes 1989 Supplement, sections 202A.13; and 203B.13, subdivision 3a; proposing coding for new law in Minnesota Statutes, chapters 201 and 211B; repealing Minnesota Statutes 1988, sections 201.061, subdivision 2; 201.071, subdivisions 5 and 6; and 201.091, subdivision 3.

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	Dahl	Freeman	Marty	Pogemiller
Anderson	Davis	Hughes	McGowan	Ramstad
Beckman	Decker	Johnson, D.E.	McQuaid	Renneke
Belanger	DeCramer	Johnson, D.J.	Morse	Schmitz
Benson	Dicklich	Knaak	Novak	Solon
Berg	Flynn	Knutson	Olson	Spears
Berglin	Frank	Kroening	Pariseau	Storm
Bertram	Frederick	Laidig	Pehler	Stumpf
Chmielewski	Frederickson, D.J.	Lessard	Peterson, R.W.	Vickerman
Cohen	Frederickson, D.R.	Luther	Piepho	Waldorf

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Flynn introduced—

Senate Resolution No. 189: A Senate resolution congratulating Alice Johnson on her 107th Birthday.

Referred to the Committee on Rules and Administration.

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. Solon, Gustafson and Johnson, D.J. introduced—

S.F. No. 2642: A bill for an act relating to retirement; authorizing an election of coverage for survivor benefits by survivors of certain deceased police officers; amending Minnesota Statutes 1988, section 353A.08, by adding a subdivision.

Referred to the Committee on Governmental Operations.

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. 2609: A bill for an act relating to the environment; providing for the management and cleanup of tax-forfeited lands; requiring a report by the pollution control agency; authorizing a levy by Lake county; authorizing a purchase of tax-forfeited land and lease of restricted land in St. Louis county; amending Minnesota Statutes 1988, sections 115B.02, subdivision 11; 115B.03, by adding a subdivision; 115C.02, subdivision 8; 115C.021, by adding a subdivision; 116.49, by adding a subdivision; 282.08; and 514.671, subdivisions 2 and 5; proposing coding for new law in Minnesota Statutes, chapter 282.

Senate File No. 2609 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

**CONCURRENCE AND REPASSAGE**

Mr. Novak moved that the Senate concur in the amendments by the House to S.F. No. 2609 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2609 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	McQuaid	Renneke
Anderson	Davis	Johnson, D.J.	Metzen	Schmitz
Beckman	Decker	Knaak	Morse	Spear
Belanger	DeCramer	Knutson	Novak	Storm
Benson	Dicklich	Kroening	Olson	Stumpf
Berg	Flynn	Laidig	Pariseau	Vickerman
Bernhagen	Frank	Larson	Pehler	Waldorf
Bertram	Frederick	Lessard	Peterson, R. W.	
Brataas	Frederickson, D.R.	Luther	Piepho	
Chmielewski	Freeman	Marty	Pogemiller	
Cohen	Hughes	McGowan	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. 1473: A bill for an act relating to the environment; requiring a report to the legislature on carbon dioxide emissions; appropriating money.

Senate File No. 1473 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

### CONCURRENCE AND REPASSAGE

Mr. Dahl moved that the Senate concur in the amendments by the House to S.F. No. 1473 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1473: A bill for an act relating to the environment; providing for mitigation of the greenhouse effect by requiring a report on the use of a surcharge on carbon dioxide emissions and a tree planting plan for carbon dioxide absorption; proposing coding for new law in Minnesota Statutes, chapter 116.

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	Cohen	Hughes	McGowan	Pogemiller
Anderson	Dahl	Johnson, D.E.	McQuaid	Ramstad
Beckman	Davis	Johnson, D.J.	Merriam	Renneke
Belanger	DeCramer	Knaak	Metzen	Schmitz
Benson	Dicklich	Knutson	Morse	Spear
Berg	Flynn	Kroening	Novak	Storm
Berglin	Frank	Laidig	Olson	Vickerman
Bernhagen	Frederick	Lantry	Pariseau	Waldorf
Bertram	Frederickson, D.J.	Larson	Pehler	
Brataas	Frederickson, D.R.	Lessard	Peterson, R. W.	
Chmielewski	Freeman	Luther	Piepho	

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 2158 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 2158**

A bill for an act relating to utilities; regulating flexible gas utility rates; repealing sunset provisions relating to flexible gas utility rates; appropriating money; amending Minnesota Statutes 1988, section 216B.163; and Laws 1987, chapter 371, section 4.

April 20, 1990

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. 2158, 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. 2158 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 216B.163, is amended to read:

216B.163 [FLEXIBLE TARIFFS.]

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

(b) “Effective competition” means that a customer of a gas utility who either receives interruptible service or whose daily requirement exceeds 50,000 cubic feet maintains or plans on acquiring the capability to switch to the same, equivalent or substitutable energy supplies or service, except indigenous biomass energy supplies composed of wood products, grain, biowaste, and cellulosic materials, at comparable prices from a supplier not regulated by the commission.

(c) “Flexible tariff” means a rate schedule under which a gas utility may set or change the price for its service to an individual customer or group of customers without prior approval of the commission within a range of prices determined by the commission to be just and reasonable.

Subd. 2. [FLEXIBLE TARIFFS PERMITTED.] Notwithstanding ~~any other provision of this chapter~~ ~~section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16,~~ the commission is authorized to ~~may~~ approve a flexible tariff for any class of customers of a gas utility when provision of service, including the sale or transportation of gas, to any customers within the class is subject to effective competition. Upon application of a gas utility, the commission shall find that effective competition exists for a class of customers taking interruptible service at a level exceeding 199,000 cubic feet per day. A gas utility may ~~only~~ apply a flexible tariff ~~only~~ to a customer that is subject to effective competition and a gas utility may not apply a flexible tariff or otherwise reduce its rates to compete with indigenous biomass energy supplies; ~~or with customers of district heating facilities as~~

~~of June 1, 1987. Customers of a gas utility whose only alternative source of energy is gas from a supplier not regulated by the commission and who must use the gas utility's system to transport the gas are not subject to effective competition unless the customers have or can reasonably acquire the capability to bypass the gas utility's system to obtain gas from a supplier not regulated by the commission. A customer subject to effective competition may elect to take service either under the flexible tariff or under the appropriate nonflexible tariff for that class of service set in accordance with section 216B.03, provided that a customer that uses an alternative energy supply or service other than indigenous biomass energy supplies from a supplier not regulated by the commission for reasons of price shall be deemed to have elected to take service under the flexible tariff.~~

*Subd. 2a. [DISTRICT HEATING CUSTOMERS.] Notwithstanding subdivision 2, a gas utility may not apply a flexible tariff or otherwise reduce its rates to compete with customers of district heating facilities as of June 1, 1987. This subdivision expires July 1, 1992.*

~~Subd. 3. [ESTABLISHING OR CHANGING A FLEXIBLE TARIFF] The commission may establish a flexible tariff through a miscellaneous rate filing only if the filing does not seek to recover any revenues which the utility expects to lose by implementing flexible tariffs from any customers who do not take service under the flexible tariff, nor to change any other rates another rate. If a gas utility requests authority to establish a flexible tariff and as part of that request seeks to recover any revenues which the utility expects to lose by implementing flexible tariffs from any customers who do not take service under the flexible tariff or to change any other rates the commission may only establish that flexible tariff within a general rate case for that gas utility. The commission may only change the rates in a flexible tariff within a gas utility's general rate case.~~

~~Subd. 4. [RATES AND TERMS OF SERVICE.] Whenever the commission authorizes a flexible tariff, it shall set the terms, and conditions of service for that tariff, which shall include including:~~

- ~~(1) that the minimum rate for the tariff, which must recover at least the incremental cost of providing the service;~~
- ~~(2) that there is no upward the maximum for the rate for the tariff; and~~
- ~~(3) a requirement that a customer who elects to take service under the flexible tariff remain on that tariff for a reasonable period of time, which shall not be less than one year; and.~~
- ~~(4) that any customer changing from a flexible tariff to the appropriate nonflexible tariff for that class pay all costs incurred by the utility due to that change.~~

~~The commission may set the terms and conditions of service for a flexible tariff in a gas utility proceeding, a miscellaneous filing, or a complaint proceeding under section 216B.17.~~

~~Subd. 5. [RECOVERY OF REVENUES.] In a general rate case which that establishes a flexible tariff for a gas utility, and in each general rate case of a gas utility for which a flexible tariff has been authorized, the commission shall determine a projected level of revenues and expenses from services under that tariff based on a single target rate for all sales under that tariff, which projection shall be used and use the projection to~~



determine the utility's overall rates. That ~~target rate method~~ used to establish a level of projected revenues ~~shall~~ may not limit the gas utility's ability or right to set rates for ~~any~~ a customer taking service under the flexible tariff.

Subd. 6. [INTERIM FLEXIBLE TARIFF] Notwithstanding section 216B.16, subdivision 3, if a gas utility files with the commission to establish or change a flexible tariff the commission shall permit the proposed flexible tariff to take effect on an interim basis no later than 30 days after filing. If any customers receive an increase in rates during the period that an interim flexible tariff is in effect, the increase is subject to refund as provided in section 216B.16, subdivision 3. The gas utility shall provide ten days written notice, or other notice as may be established by contract not to exceed 30 days, to a customer before implementing an interim rate ~~increase~~ change for that customer under this section.

Subd. 7. [FINAL DETERMINATION.] The commission shall make a final determination in a proceeding begun under this section for approval of a flexible tariff, other than a filing made within a general rate case, within 180 days of the filing by the gas utility.

Subd. 8. [STUDY AND REPORT.] *The department shall review the operation and effects of any rates implemented under this section. The review must include, at a minimum, an evaluation of the impact of flexible gas rates on alternative energy sources, including indigenous biomass energy, and the impact on the utility and its customers of setting a maximum rate for the tariff. The department shall submit its report to the legislature by January 1, 1995. The department shall assess gas utilities that utilize a flexible tariff under section 1 for the actual cost of conducting the study, not to exceed \$5,000. Each utility utilizing a flexible tariff must be assessed an equal share of the cost.*

Sec. 2. Laws 1987, chapter 371, section 4, is amended to read:

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment, ~~and are repealed effective July 1, 1990.~~

Sec. 3. [APPROPRIATION.]

*\$5,000 is appropriated from the general fund to the department of public service for the purpose of conducting the study required by section 1. The money is available until February 1, 1995.*

Sec. 4. [EFFECTIVE DATES.]

*Sections 1 and 3 are effective July 1, 1990. Section 2 is effective the day following final enactment."*

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ronald R. Dicklich, Gene Waldorf, Dean E. Johnson

House Conferees: (Signed) Joel Jacobs, Tom Osthoff, Tony L. Bennett

Mr. Dicklich moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2158 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. 2158 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 4, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	Merriam	Ramstad
Anderson	Davis	Johnson, D.J.	Metzen	Renneke
Beckman	Decker	Knaak	Morse	Schmitz
Belanger	DeCramer	Knutson	Novak	Solon
Benson	Dicklich	Kroening	Olson	Spear
Berg	Flynn	Laidig	Pariseau	Storm
Berglin	Frank	Langseth	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, R.W.	Vickerman
Bertram	Frederickson, D.R.	Lessard	Piepho	
Chmielewski	Freeman	McGowan	Piper	
Cohen	Hughes	McQuaid	Pogemiller	

Mrs. Lantry, Messrs. Luther; Moe, D.M. 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 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. 2147: A bill for an act relating to transportation; exempting fertilizer and agricultural chemical retailers from certain regulations on transporting hazardous materials; making certain private carriers subject to driver qualification rules; amending Minnesota Statutes 1988, section 221.033, subdivision 2; Minnesota Statutes 1989 Supplement, section 221.031, subdivision 2a.

Senate File No. 2147 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

### CONCURRENCE AND REPASSAGE

Mr. Frederickson, D.J. moved that the Senate concur in the amendments by the House to S.F. No. 2147 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2147: A bill for an act relating to transportation; temporarily exempting fertilizer and agricultural chemical retailers from certain regulations on transporting hazardous materials; making certain private carriers subject to driver qualification rules; requiring a study by the commissioner of transportation; amending Minnesota Statutes 1988, section 221.033, subdivision 2; Minnesota Statutes 1989 Supplement, section 221.031, subdivision 2a.

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

repassage.

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

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

Those who voted in the affirmative were:

Adkins	Davis	Kroening	Moe, D.M.	Renneke
Anderson	Decker	Laidig	Morse	Schmitz
Beckman	DeCramer	Langseth	Novak	Spear
Belanger	Flynn	Lantry	Olson	Storm
Berg	Frank	Larson	Pariseau	Stumpf
Berglin	Frederickson, D.J.	Lessard	Pehler	Vickerman
Bernhagen	Frederickson, D.R.	Luther	Peterson, R. W.	Waldorf
Bertram	Freeman	McGowan	Piepho	
Brataas	Hughes	McQuaid	Piper	
Chmielewski	Knaak	Merriam	Pogemiller	
Dahl	Knutson	Metzen	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. 576: A bill for an act relating to human services; providing that medical certification for general assistance benefits may be made by a licensed chiropractor; amending Minnesota Statutes 1988, section 256D.02, by adding a subdivision.

Senate File No. 576 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

Ms. Piper moved that the Senate do not concur in the amendments by the House to S.F. No. 576, 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. 2445: A bill for an act relating to state government; establishing positions in the unclassified service; authorizing the commissioner of jobs and training to establish a position in the unclassified service; amending Minnesota Statutes 1988, section 268.0121, subdivision 3; Minnesota Statutes 1989 Supplement, section 43A.08, subdivision 1.

Senate File No. 2445 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

### CONCURRENCE AND REPASSAGE

Mr. Kroening moved that the Senate concur in the amendments by the House to S.F. No. 2445 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. 2445, 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. Moe, D.M.

The roll was called, and there were yeas 13 and nays 43, as follows:

Those who voted in the affirmative were:

Brataas	Langseth	Moe, R. D.	Renneke	Waldorf
Chmielewski	Merriam	Morse	Spear	
DeCramer	Moe, D.M.	Peterson, R. W.	Vickerman	

Those who voted in the negative were:

Adkins	Dahl	Johnson, D.E.	McGowan	Pogemiller
Anderson	Davis	Johnson, D.J.	McQuaid	Purfeerst
Beckman	Dicklich	Knaak	Metzen	Ramstad
Belanger	Flynn	Knutson	Novak	Reichgott
Benson	Frank	Kroening	Olson	Schmitz
Berg	Frederick	Lantry	Pariseau	Storm
Berglin	Frederickson, D.J.	Larson	Pehler	Stumpf
Bernhagen	Frederickson, D.R.	Lessard	Piepho	
Bertram	Hughes	Luther	Piper	

The motion did not prevail.

The question recurred on the motion of Mr. Kroening. The motion prevailed.

S.F. No. 2445 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 7, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	McQuaid	Purfeerst
Anderson	Decker	Knaak	Metzen	Ramstad
Beckman	Dicklich	Knutson	Moe, R. D.	Reichgott
Berg	Flynn	Kroening	Novak	Renneke
Berglin	Frank	Langseth	Olson	Schmitz
Bernhagen	Frederick	Lantry	Pariseau	Storm
Bertram	Frederickson, D.J.	Larson	Pehler	Stumpf
Brataas	Frederickson, D.R.	Lessard	Piepho	Vickerman
Chmielewski	Hughes	Luther	Piper	
Dahl	Johnson, D.E.	McGowan	Pogemiller	

Those who voted in the negative were:

DeCramer	Merriam	Peterson, R. W.	Spear	Waldorf
Marty	Moe, D.M.			

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 2618 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 2618**

A bill for an act relating to public administration; appropriating money or reducing appropriations 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; excepting notification of committee chairs on certain capital projects; establishing a community college at Cambridge; clarifying the duties and powers of the higher education coordinating board; authorizing tuition reciprocity agreements with contiguous Canadian provinces; establishing a state matching grant program to match private gifts to endowment funds; requiring administrative service plans for technical colleges under certain circumstances; changing permitted kinds of investments for the permanent university fund; permitting capital gains of the fund to be used to support endowed academic chairs; authorizing the purchase of a certain building by the state university board; requiring development of a consumer information system for occupational programs; regulating public post-secondary plans; requiring reports; adjusting contributions to state system retirement plans; amending Minnesota Statutes 1988, sections 136.60; 136.602; 136C.05, by adding a subdivision; 137.022, subdivisions 1 and 3; 352.92, subdivision 2; 352B.02, subdivision 1c; 353.27, subdivision 3a; and 354.42, subdivision 5; Minnesota Statutes 1989 Supplement, sections 16B.335, subdivision 2; 136A.04; 136A.08; 352.04, subdivisions 2 and 3; and 354B.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 136A; repealing Minnesota Statutes 1988, section 353.27, subdivision 3.

April 23, 1990

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. 2618, 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. 2618 be further amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1**

**APPROPRIATIONS**

**Section 1. [APPROPRIATIONS FOR HIGHER EDUCATION.]**

The dollar amounts in the columns under "APPROPRIATIONS" are added to (or, if shown in parentheses, are subtracted from) the appropriations in Laws 1989, chapter 293, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure 1990 or 1991 means that the addition to or subtraction from the appropriations listed

under the figure are for the fiscal year ending June 30, 1990, or June 30, 1991, respectively. If only one figure is shown in the text for a specified purpose, the addition or subtraction is for 1991 unless the context intends another fiscal year.

## SUMMARY BY FUND

	1990	1991	TOTAL
GENERAL	\$(9,783,400)	\$(11,276,600)	\$(21,060,000)

## Summary by Agency — All Funds

Higher Education			
Coordinating Board	(9,783,400)	(4,097,100)	(13,880,500)
State Board of Vocational Technical Education		(1,583,500)	(1,583,500)
State Board for Community College		(1,076,500)	(1,076,500)
State University Board		(1,930,100)	(1,930,100)
Regents of the University of Minnesota		(2,589,400)	(2,589,400)

## APPROPRIATIONS

Available for the Fiscal Year

Ending June 30

	1990	1991
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## Sec. 2. HIGHER EDUCATION

COORDINATING BOARD - TOTAL	(9,783,400)	(4,097,100)
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## Subdivision 1. Agency Administration

Affiliate membership in the Western Interstate Commission on Higher Education.

46,300

## Subd. 2. State Grants

(9,783,400)	(5,033,400)
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The HECB shall study ways to redefine the cost of living allowance to more accurately reflect actual costs of living. The board shall examine ways to develop cost of living categories to differentiate among students with different living arrangements and family responsibilities, including child care. The board shall examine whether other items involved in the cost of living should be used in determining categories. The board shall report its findings and recommendations to the education divisions of the house appropriations and senate finance committees by February 1, 1991.

The HECB shall examine the feasibility of using a student loan program, including the SELF

program, to assist students whose eligibility for child care grants has expired. The board shall report its findings and recommendations to the education divisions of the house appropriations and senate finance committees by February 1, 1991.

The HECB shall review the percentage of child care grant money authorized for administrative costs on campuses, report on its expenditures of this money, and make any recommendations for changing the percentage levels to the education divisions of the house appropriations and senate finance committees as part of its 1991 biennial budget request.

The HECB shall work with the Minnesota Association of Financial Aid Administrators to simplify the procedures and methods required to calculate child care grants. The HECB shall report on its progress towards simplification as part of its 1991 biennial budget request.

During the biennium, a campus, post-secondary system, or school district must not reallocate child care program administration money, unless the money is reallocated to child care grants.

The HECB shall amend its child care grant rules to include provisions for campuses that contract with counties for program administration. The rules shall make the campuses accountable for county decisions related to the program, and shall require the campuses to develop on-campus mechanisms for student appeals.

#### Subd. 3. Interstate Tuition Reciprocity

750,000

If an unencumbered balance is projected in the appropriation for the state grant program after October 1, 1990, the HECB may transfer funds to the appropriation for Interstate Tuition Reciprocity. Prior to the transfer, the HECB shall seek the advisory recommendation of the legislative advisory commission.

#### Subd. 4. Rural Health Programs

140,000

Of this amount, \$120,000 is for pre-nursing grants and \$20,000 is for program administration.

Subd. 5. The higher education coordinating board may transfer unencumbered balances from

the appropriations in this section to the state grant appropriation. Before the transfer, the higher education coordinating board shall consult with the chairs of the house appropriations and senate finance committees.

Sec. 3. STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION - TOTAL (1,583,500)

Subdivision 1. General Base Reduction  
(840,500)

Subd. 2. Teachers' Retirement Plan  
Employers' Contribution  
(793,000)

Subd. 3. State Council on Vocational  
Technical Education  
50,000

Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES - TOTAL (1,076,500)

Subdivision 1. General Base Reduction  
(466,500)

Subd. 2. Teachers' Retirement Plan and  
Minnesota State Retirement System  
Employers' Contribution  
(610,000)

Sec. 5. STATE UNIVERSITY BOARD - TOTAL (1,930,100)

Subdivision 1. General Base Reduction  
(858,100)

Subd. 2. Teachers' Retirement Plan and  
Minnesota State Retirement System  
Employers' Contribution  
(1,072,000)

Subd. 3. Authorized Transfer

The appropriation in Laws 1987, chapter 400, section 19, subdivision 4, item (c), may be used to acquire land adjacent to, or in the vicinity of, Moorhead State University as needed to develop the campus, and may be used to construct parking spaces on the campus.

Sec. 6. REGENTS OF THE UNIVERSITY OF MINNESOTA - TOTAL (2,589,400)

Subdivision 1. Enrollment Projections

With respect to Laws 1989, chapter 293, section 6, subdivision 2(a), the 7th paragraph, the regular session enrollment projected for the



appropriation is 35,679 full-year equivalent undergraduate students for the first year and 33,750 for the second year. For developing the next biennial budget request, the regular session undergraduate enrollment used for the average cost funding formula must not exceed these numbers. For the biennium ending June 30, 1991, tuition income resulting from students in excess of the projections reduces the general fund appropriation by a like dollar amount. The legislature further anticipates that the regular session full-year equivalent undergraduate students must not exceed 31,600 by fiscal year 1993. The university shall submit progress reports on the attainment of the anticipated enrollments. If the university attains these enrollment goals, the calculation for the average cost funding formula must not reduce the budget base.

Subd. 2. General Base Reduction

(2,235,400)

Subd. 3. Minnesota State Retirement System Employers' Contribution

(554,000)

Subd. 4. Rural Physicians' Associates Program

200,000

\$200,000 is to increase participation in the rural physicians' associates program. The Minnesota Medical Association shall assist the university's effort by locating the preceptors for the program. The board of regents shall report, as part of its 1991 biennial budget request, on the feasibility of increasing the participation to approximately 40 students per year, on the need to increase the subsidy per student, and on the cost implications of these increases.

Sec. 7. POST-SECONDARY SYSTEMS

Subdivision 1. The public post-secondary governing boards, the department of finance, and the department of administration shall develop jointly a set of detailed criteria to assist the legislature in making decisions on child care facility requests. The boards and departments shall submit a joint report to the education divisions of the house appropriations and senate finance committees by March 1, 1991.

Subd. 2. Each public higher education system shall develop a parking plan. The plan shall include consideration of establishing parking fees for each campus at a level that will provide adequate revenue to construct, repair, and maintain the parking lots. The plan must be submitted to the legislature in the 1991 biennial budget document.

## ARTICLE 2 PENSIONS

Section 1. Minnesota Statutes 1989 Supplement, section 352.04, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund must be equal to ~~4.34~~ 4.15 percent of salary, ~~beginning with the first full pay period after June 30, 1989.~~ These contributions must be made by deduction from salary as provided in subdivision 4.

Sec. 2. Minnesota Statutes 1989 Supplement, section 352.04, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTIONS.] (a) The employer contribution to the fund must be equal to ~~4.51~~ 4.29 percent of salary ~~beginning with the first full pay period after June 30, 1989.~~

*(b) By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the employer and employee contribution rates in effect and whether the total amount is less than, the same as, or more than the actuarial requirement determined under section 356.215.*

Sec. 3. Minnesota Statutes 1988, section 352.92, subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] ~~Beginning with the first full pay period after July 1, 1984,~~ (a) In lieu of employer contributions payable under section 352.04, subdivision 3, the employer shall contribute for covered correctional employees an amount equal to ~~8.70~~ 6.27 percent of salary.

*(b) By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the employer and employee contribution rates in effect and whether the total amount is less than, the same as, or more than the actuarial requirement determined under section 356.215.*

Sec. 4. Minnesota Statutes 1988, section 352B.02, subdivision 1c, is amended to read:

Subd. 1c. [EMPLOYER CONTRIBUTIONS.] (a) In addition to member contributions, department heads shall pay a sum equal to ~~18.9~~ 14.88 percent of the salary upon which deductions were made, which shall constitute the employer contribution to the fund. Department contributions must be paid out of money appropriated to departments for this purpose.

*(b) By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the employer and employee contribution rates in effect and whether the total amount is less than, the same as, or more than the actuarial requirement determined under section 356.215.*

Sec. 5. Minnesota Statutes 1988, section 354.42, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL EMPLOYER CONTRIBUTION.] To amortize the unfunded actuarial accrued liability computed under the entry age actuarial cost method and disclosed under the annual actuarial valuations prepared by the commission-retained actuary under section 356.215, an additional employer contribution shall be made in the amount of 4-48 3.64 percent of the salary of each member.

This contribution shall must be made in the manner provided in section 354.43.

*By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the additional employer contribution rate in effect and whether that amount is less than, the same as, or more than the required amortization contribution determined under section 356.215.*

Sec. 6. [STATE-PAID HEALTH INSURANCE; CERTAIN EMPLOYEES.]

*An executive branch employee who is covered by a retirement plan established under Minnesota Statutes, chapter 352 or 352B, or an employee of the Minnesota state retirement system, the teachers retirement association, or the public employees retirement association, is eligible for state-paid hospital, medical, and dental benefits if the person:*

*(1) is eligible for state-paid insurance under Minnesota Statutes, section 43A.18, or other law;*

*(2) has at least 25 years of state service;*

*(3) upon retirement is immediately eligible for a retirement annuity;*

*(4) is at least 55 and not yet 65 years of age; and*

*(5) retires after the effective date of this section and before July 1, 1990.*

*An employee who is eligible both for the health insurance benefit under this section and for an early retirement incentive under a collective bargaining agreement or plan established under Minnesota Statutes, section 43A.18, must choose between that early retirement incentive and the benefit provided under this section and may not have both. For purposes of this section, a person retires when the person terminates active employment in state service and applies for a retirement annuity. The retired employee is eligible for coverages to which the person was entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established under Minnesota Statutes, section 43A.18, for employees in positions equivalent to the position from which they retired. The retired employee is not eligible for state-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, or when*

*the employee chooses not to receive the annuity for which the employee has applied, or when the employee is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.*

*An employee who retires under this section using the Rule of 90 must not be included in the calculations required by Minnesota Statutes, section 356.85.*

**Sec. 7. [APPROPRIATION REDUCTIONS.]**

*The sums shown in parentheses are reduced from the appropriations from the general fund, or another named fund, for the fiscal year ending June 30, 1990, to the agencies indicated.*

(a) General fund	(2,206,000)
(b) Trunk highway fund	(1,864,000)
(c) Other funds	(1,149,000)

*With the exception of appropriations made to the University of Minnesota, the Community College System, the Technical College System, and the State University System, the commissioner of finance shall reduce each state agency's fiscal year 1991 appropriation by an amount equal to the sum of:*

- (1) .22 percent of the agency's fiscal year 1991 salaries paid to employees covered by the general state employee retirement plan established in Minnesota Statutes, chapter 352.*
- (2) 2.43 percent of the agency's fiscal year 1991 salaries paid to employees covered by the correctional employees retirement plan established in Minnesota Statutes, chapter 352.*
- (3) 4.02 percent of the agency's fiscal year 1991 salaries paid to employees covered by the state patrol retirement plan established in Minnesota Statutes, section 352B.02.*
- (4) .84 percent of the agency's fiscal year 1991 salaries paid to employees covered by the teacher's retirement plan established in Minnesota Statutes, chapter 354.*

*The appropriation reductions made under this section are permanent reductions to each agency's budget.*

**Sec. 8. [EFFECTIVE DATES.]**

*Sections 1 to 5 are effective July 1, 1990, and apply to pay periods beginning with the first full pay period after June 30, 1990.*

*Section 6 is effective the day following final enactment.*

ARTICLE 3  
PLANNING AND OPERATIONS

Section 1. [LEGISLATIVE INTENT.]

*During the biennium, to ensure fiscal responsibility and to protect current levels of academic quality and funding, the legislature intends that greater oversight be given to (1) the development and establishment of off-campus post-secondary centers, permanent sites, and other large-scale or long-term operations that are intended to provide academic programs, courses, or student services; and (2) the management of enrollment on and off campus.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 135A.06, subdivision 3, is amended to read:

Subd. 3. [SYSTEM PLANS.] Each system shall develop a program plan for instruction, research, and public service. Each system shall consult with the higher education coordinating board and with the other systems throughout the planning process. The higher education coordinating board shall coordinate intersystem efforts in the development of the program plans to achieve intersystem cooperation and differentiation.

Each planning report shall consider at least the following elements:

(1) a statement of program priorities for undergraduate, graduate, and professional education, including data about program cost and average class size within each institution;

(2) the effects of proposed programmatic and enrollment changes on other systems and campuses;

(3) a review of plans for adjusting the number of facilities, staff, and programs to projected level of demand, including consideration of campus and program mergers, campus and program closings, new governance structures, the relationship between fixed costs and projected enrollment changes, and consolidation of institutions, services, and programs that serve the same geographic area under different governing boards;

(4) a review of the current and projected use of community outreach and extension programs ~~including information~~ on all off-campus sites, *including at least information for each site from the inventory established in section 9;*

(5) enrollment projections for two, five, and ten years based on recent available projections produced by the higher education coordinating board or, if different projections are used, they shall be compared to those prepared by the higher education coordinating board, and the system shall identify the method and assumptions used to prepare its projections;

(6) estimated financial costs and savings of alternative plans for (i) adjusting facilities, staff, and programs to changing enrollments and fiscal resources, and (ii) *managing enrollments and resources to better utilize existing facilities and staff, and to protect academic quality;*

(7) opportunities for providing services cooperatively with other public and private institutions in the same geographic area; and

(8) differentiating and coordinating missions to reduce or eliminate duplication of services and offerings, to improve delivery of services, and to establish clear and distinct roles and priorities.

Sec. 3. Minnesota Statutes 1989 Supplement, section 135A.06, is amended by adding a subdivision to read:

*Subd. 6. [SUBMISSION TO LEGISLATURE.] Each public post-secondary governing board shall submit the information on off-campus sites required in subdivision 3, clause (4), to the legislature with its biennial budget request in odd-numbered years, and shall update the information with its supplemental budget request in the even-numbered years. The board shall provide detailed information on the use of state appropriated funds in support of each site, including information on the effects on campuses of funding off-campus sites.*

Sec. 4. Minnesota Statutes 1989 Supplement, section 136.03, is amended by adding a subdivision to read:

*Subd. 3. The state board and the state universities must not establish any off-campus centers or other permanent sites located off state university campuses to provide academic programs, courses, or student services without authorizing legislation. For the purposes of this subdivision, the campus of Metropolitan State University is the seven-county metropolitan area.*

Sec. 5. Minnesota Statutes 1988, section 136.62, is amended by adding a subdivision to read:

*Subd. 8. The state board and the community colleges must not establish any off-campus centers or other permanent sites located off community college campuses to provide academic programs, courses, or student services without authorizing legislation.*

Sec. 6. Minnesota Statutes 1989 Supplement, section 136A.04, is amended to read:

#### 136A.04 [DUTIES.]

Subdivision 1. The higher education coordinating board shall:

(1) continuously study and analyze all phases and aspects of higher education, both public and private, and develop necessary plans and programs to meet present and future needs of the people of the state;

(2) continuously engage in long-range planning for the needs of higher education and, if necessary, cooperatively engage in planning with neighboring states and agencies of the federal government;

(3) act as successor to any committee or commission previously authorized to engage in exercising any of the powers and duties prescribed by sections 136A.01 to 136A.07;

(4) review, approve or disapprove, make recommendations, and identify priorities with respect to all proposals for new ~~or~~, additional, *or changes in existing programs or large-scale or permanent sites of instruction or substantial changes in existing programs* to be established in or offered by, ~~the University of Minnesota, the state universities, the community colleges, technical institutes, public post-secondary institutions and, with respect to programs only, private collegiate and noncollegiate post-secondary institutions.~~ *The board shall forward its recommendations on sites to the chairs of the house appropriations and senate finance committees.* The board shall also periodically review existing programs and recommend discontinuing or modifying any existing program. When reviewing ~~new or existing programs a site or program,~~ *the board shall consider whether the program* it is unnecessary, a needless duplication of ~~existing programs,~~ beyond the

capability of the system or institution considering its resources, or beyond the scope of the system or institutional mission;

(5) develop in cooperation with the post-secondary systems, house appropriations committee, senate finance committee, and the departments of administration and finance, a compatible budgetary reporting format designed to provide data of a nature to facilitate systematic review of the budget submissions of the ~~University of Minnesota, the state university system, the community college system, and the technical institutes~~ *public post-secondary institutions*, which includes the relating of dollars to program output;

(6) review budget requests, including plans for construction or acquisition of facilities, of the ~~University of Minnesota, the state universities, the community colleges, and technical institutes~~ *public post-secondary institutions* for the purpose of relating present resources and higher educational programs to the state's present and long-range needs; and conduct a continuous analysis of the financing of post-secondary institutions and systems, including the assessments as to the extent to which the expenditures and accomplishments are consistent with legislative intent;

(7) obtain from private post-secondary institutions receiving state funds a report on their use of those funds;

(8) continuously monitor and study the transferability of *credits* between Minnesota post-secondary ~~and higher education~~ institutions of *credits*, earned for equal and relevant work at those institutions, the degree to which credits earned at one institution are accepted at full value by the other institutions, and the policies of these institutions concerning the placement of these transferred credits on transcripts; and

(9) prescribe policies, procedures, and rules necessary to administer the programs under its supervision.

Subd. 2. The higher education coordinating board shall review and make recommendations regarding a plan or proposal for a new or additional program of instruction or a ~~substantial~~ change in an existing program of instruction to be offered by a technical institute within 45 days of the transmission of approval of the plan or proposal to the higher education coordinating board by the state board of vocational technical education. The higher education coordinating board shall then transmit a written explanation of its recommendations within five days of board action to the director of the applying technical institute and to the state director of vocational technical education.

Sec. 7. Minnesota Statutes 1988, section 136C.04, is amended by adding a subdivision to read:

*Subd. 20. The state board and the technical colleges must not establish any off-campus centers or other permanent sites located off technical college campuses to provide academic programs, courses, or student services without authorizing legislation.*

#### Sec. 8. [137.40] [OFF-CAMPUS SITES AND CENTERS.]

*The board of regents and the university campuses are requested to not establish any off-campus centers or other permanent sites located off university campuses to provide academic programs, courses, or student services without authorizing legislation.*

**Sec. 9. [INVENTORY.]**

*Subdivision 1. [HECB.] By November 1, 1990, the higher education coordinating board shall compile an inventory of all existing off-campus sites and centers for each post-secondary system and institution that includes at least the following information: total full year equivalent and head count enrollment, number of course offerings in each field of study, degrees available and number awarded, location and type of facilities, leasing or other arrangements and cost, and the amount and sources of funding. The board shall also compile an inventory of program offerings on the campuses and at the off-campus sites.*

*Subd. 2. [HEAC.] The higher education advisory council, in cooperation with the higher education coordinating board, shall determine categories of off-campus sites and criteria to use in placing sites within categories.*

*Subd. 3. [HECB.] The higher education coordinating board, and the post-secondary governing boards, shall review the categories and criteria and the information included in the inventory to determine whether these are sufficient for incorporating into system planning activities and enhanced program review activities. As part of its review, the HECB shall examine duplication in programs offered on and off campus and the level of the systems' cooperative efforts. The board shall also consider overlap in system missions. The HECB shall report its findings and recommendations to the house appropriations and senate finance committees by February 15, 1991.*

**Sec. 10. [CONDITIONS.]**

*(a) The state university board, the state board for community colleges, the state board of vocational technical education, and their respective campuses must not enter into new long-term lease arrangements, significantly increase the course offerings at off-campus sites, enter any 2 + 2 arrangements, or significantly increase staffing levels for off-campus sites between the effective date of this section and the end of the 1990-1991 academic year. A current long-term lease may be renewed if it expires during this period. The board of regents is requested to abide by these conditions until the end of the 1990-1991 academic year.*

*(b) This section does not apply to actions of Metropolitan State University that are part of its plan to consolidate its sites in the seven-county metropolitan area. The state university board shall consult with the chairs of the house appropriations and senate finance committees in carrying out its plans. For purposes of this paragraph, "plan to consolidate" does not include entering into any 2 + 2 arrangements.*

**Sec. 11. [ENROLLMENT REPORT.]**

*Each public post-secondary governing board, excluding the board of regents, shall develop a plan for managing enrollments. The plan must include consideration of methods of: encouraging better student preparation, redistributing selected students or programs, encouraging students to complete programs earlier, using existing space more efficiently, changing marketing strategies, and reducing duplication of programs by suggesting which academic and technical programs or courses would most appropriately be offered on each existing campus in the state university, community college, and technical college system. The plan must address ways in which each campus can provide sufficient access and preserve or improve quality, given its present physical capacity and funding level. Each*



plan shall be submitted to HECB for review and comment by December 1, 1990. The HECB shall submit the plans and its review to the house education and appropriations and senate education and finance committees by February 15, 1991. The board of regents shall submit information on its enrollment management, the effects of its enrollment changes, and other measures of its progress in improving its quality of education to the committees by the same date.

#### Sec. 12. [SYSTEM PLANS.]

*Subdivision 1. [ALL SYSTEMS.] Notwithstanding Minnesota Statutes, section 135A.06, in place of system plans, the public post-secondary systems shall submit plans for providing undergraduate and practitioner-oriented graduate programs in the seven-county metropolitan area to the higher education coordinating board.*

*Additionally, each public post-secondary governing board shall review its current mission statement. Each board shall determine whether the statement accurately reflects its mission and the role of its system in the mission differentiation efforts, and recommend any changes its statement requires. The boards shall submit their mission statements and recommendations to the higher education coordinating board with their metropolitan area plans by December 1, 1990.*

*The higher education coordinating board shall review and comment on the plans and mission statements and report to the legislature and governor by February 15, 1991.*

#### Sec. 13. [EFFECTIVE DATES.]

*Subdivision 1. Sections 1, 4, 5, and 7 to 12 are effective the day following final enactment.*

*Subd. 2. Section 6 is effective July 1, 1991.*

### ARTICLE 4

#### RURAL HEALTH PROGRAMS

##### Section 1. [136A.1351] [DEFINITION; DESIGNATED RURAL AREA.]

*In sections 136A.1352 and 136A.1355, "designated rural area" means a Minnesota community outside a ten-mile radius of a ranally area, which community: (1) has more than 2,000 persons per physician, including seasonal variation; and (2) has notified the higher education coordinating board of its need for a physician or nurse for the community.*

*For purposes of this definition, "ranally area" means a central city or cities and any adjacent built-up areas, plus other communities not connected by continuously built-up areas if population density exceeds 60 persons per square mile and the work force of the other communities significantly depends on the central city or cities.*

##### Sec. 2. [136A.1352] [PRE-NURSING GRANTS.]

*Subdivision 1. [ESTABLISHMENT.] The higher education coordinating board shall provide grants to students who are entering or enrolled in registered nurse or licensed practical nurse programs, who have no previous nursing training or education, and who agree to practice in a designated rural area.*

*Subd. 2. [ELIGIBILITY.] (a) To be eligible to receive a grant, a student*

must be:

- (1) a resident of the state of Minnesota;
- (2) enrolled in a Minnesota school, college, or program of nursing to complete an educational program that would lead to the student's first licensure as a licensed practical nurse or as a registered nurse;
- (3) willing to agree to serve at least three of the first five years following licensure in a designated rural area; and
- (4) able to meet the financial need criteria established in section 136A.121 and board rules.

(b) The grant must be awarded for one academic year, but is renewable for a maximum of six semesters or nine quarters of full-time study, or their equivalent, but cannot continue after receipt of the nursing degree or certificate.

Subd. 3. [PRIORITY.] If insufficient funds are available to meet the needs of all eligible applicants, the board shall give priority to applicants who reside in a designated rural area and applicants attending post-secondary institutions outside the seven-county metropolitan area.

Subd. 4. [DETERMINATION OF NEED; AMOUNT OF AWARD.] The determination of a student's need and the amount of a grant award must be based on the criteria established in section 136A.121 and related board rules. A grant under this section does not affect a recipient's eligibility for a state grant under section 136A.121.

**Sec. 3. [136A.1353] [NURSING GRANT PROGRAM FOR LICENSED PRACTICAL NURSES.]**

Subdivision 1. [ESTABLISHMENT.] A nursing grant program is established under the authority of the higher education coordinating board to provide grants to licensed practical nurses who are entering or enrolled in an educational program that would lead to licensure as a registered nurse.

Subd. 2. [ELIGIBILITY.] To be eligible to receive a grant, a student must be:

- (1) a resident of the state of Minnesota;
- (2) a licensed practical nurse enrolled in a Minnesota school, college, or program of nursing to complete an educational program that would lead to licensure as a registered nurse; and
- (3) eligible under any additional criteria established by the school, college, or program of nursing in which the student is enrolled.

The grant must be awarded for one academic year but is renewable for a maximum of six semesters or nine quarters of full-time study, or their equivalent.

Subd. 3. [RESPONSIBILITY OF NURSING PROGRAMS.] Each school, college, or program of nursing that wishes to participate in the nursing grant program must apply to the higher education coordinating board for grant money, according to rules and policies established by the board. A school, college, or program of nursing must establish criteria to use in awarding the grants. The criteria must include consideration of the likelihood of a student's success in completing the nursing educational program

*and must give priority to students with the greatest financial need. Grants must be for a minimum of \$500, but must not exceed \$2,500 per year. Each school, college, or program of nursing must establish procedures for students to apply for and receive grants.*

*Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools, colleges, or programs of nursing applying to participate in the nursing grant program based on the last academic year's enrollment of students in educational programs that would lead to licensure as a licensed practical nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing. Initial applications are due by January 1, 1991, and by January 1 of each later year. By March 1, 1991, and by March 1 of each later year, the board shall notify each applicant school, college, or program of nursing of its approximate allocation of funds in order to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute funds to the schools, colleges, or programs of nursing by August 1, 1991, and by August 1 of each later year.*

*Subd. 5. [REPORT.] The schools, colleges, or programs of nursing participating in the nursing grant program shall report to the higher education coordinating board on their program activity as requested by the board.*

**Sec. 4. [136A.1354] [NURSING GRANT PROGRAM FOR REGISTERED NURSES.]**

*Subdivision 1. [ESTABLISHMENT.] A nursing grant program is established under the authority of the higher education coordinating board to provide grants to registered nurses seeking to complete baccalaureate or master's degrees in nursing or a program of advanced nursing education.*

*Subd. 2. [ELIGIBILITY.] To be eligible to receive a grant, a student must be:*

*(1) licensed as a registered nurse in Minnesota and have been employed as a nurse in the state for at least one year before re-enrolling in college;*

*(2) a resident of the state of Minnesota;*

*(3) enrolled in a Minnesota school or college of nursing to complete a baccalaureate or master's degree, or a program of advanced nursing education; and*

*(4) eligible under any additional criteria established by the school, college of nursing, or program of advanced nursing education, in which the student is enrolled.*

*The grant must be awarded for one academic year but is renewable for a maximum of six semesters or nine quarters of full-time study, or their equivalent.*

*Subd. 3. [RESPONSIBILITY OF NURSING PROGRAMS.] Each school or college of nursing, or program of advanced nursing education, that wishes to participate in the nursing grant program must apply to the higher education coordinating board for money, according to rules and policies established by the board. A school or college of nursing, or program of*

*advanced nursing education, must establish criteria to use in awarding the grants. The criteria must include consideration of the likelihood of a student's success in completing the educational program and must give priority to: (1) students with the greatest financial need; and (2) students enrolling to complete baccalaureate degrees in nursing. Grants must be for a minimum of \$500, but must not exceed \$2,500 per year. Each school or college of nursing, or program of advanced nursing education, must establish procedures for students to apply for and receive grants.*

**Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.]** *The higher education coordinating board shall distribute funds each year to the schools or colleges of nursing, or programs of advanced nursing education, applying to participate in the nursing grant program based on the last academic year's enrollment of registered nurses in schools or colleges of nursing, or programs of advanced nursing education. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools or colleges of nursing, or programs of advanced nursing education. Initial applications are due by January 1, 1991, and by January 1 of each later year. By March 1, 1991, and by March 1 of each later year, the board shall notify each applicant school or college of nursing, or program of advanced nursing education, of its approximate allocation of money to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute money to the schools or colleges of nursing, or programs of advanced nursing education, by August 1, 1991, and by August 1 of each later year.*

**Subd. 5. [REPORT.]** *The schools or colleges of nursing, or programs of advanced nursing education, participating in the nursing grant program shall report to the higher education coordinating board on their program activity as requested by the board.*

**Sec. 5. [136A.1355] [RURAL PHYSICIAN EDUCATION ACCOUNT.]**

**Subdivision 1. [CREATION OF ACCOUNT.]** *A rural physician education account is established. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for medical students agreeing to practice in designated rural areas.*

**Subd. 2. [ELIGIBILITY.]** *To be eligible to participate in the program, a prospective physician must submit a letter of interest to the higher education coordinating board while attending medical school. Before completing the first year of residency, a student or resident must sign a contract to agree to serve at least three of the first five years following residency in a designated rural area.*

**Subd. 3. [LOAN FORGIVENESS.]** *The higher education coordinating board may accept up to eight applicants per year for participation in the loan forgiveness program. Applicants are responsible for securing their own loans. Applicants chosen to participate in the loan forgiveness program may designate for each year of medical school, up to a maximum of four years, an agreed amount, not to exceed \$10,000, as a qualified loan. For each year that a participant serves as a physician in a designated rural area, up to a maximum of four years, the higher education coordinating board shall annually pay an amount equal to one year of qualified loans and the interest accrued on these loans. Participants who move their practice from one designated rural area to another remain eligible for loan*

*repayment.*

*Subd. 4. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the required three-year minimum commitment of service in a designated rural area, the higher education coordinating board shall collect from the participant the amount paid by the board under the loan forgiveness program. The higher education coordinating board shall deposit the money collected in the rural physician education account. The board shall allow waivers of all or part of the money owed the board if emergency circumstances prevented fulfillment of the three-year service commitment.*

**Sec. 6. [HECB EVALUATION.]**

*The higher education coordinating board shall evaluate the programs established in sections 2 to 5. The initial evaluation must examine the progress in establishing the programs and must be reported to the house appropriations and senate finance committees by February 1, 1991. Beginning in 1992, and each year thereafter, the HECB shall report to the committees by February 1 on the operation of each program. The report must include an analysis of whether each program is achieving its goals and recommendations regarding whether each program should be terminated or changed.*

**Sec. 7. [RULES.]**

*The higher education coordinating board shall develop rules, including emergency rules if necessary, to implement the programs in sections 2 to 5. The emergency rules shall be effective until July 1, 1991.*

**Sec. 8. [FUNDING.]**

*Sections 3 and 4 are funded as provided in the 1990 health and human services supplemental appropriations act.*

**Sec. 9. [SUNSET.]**

*Sections 1 to 6 are repealed on June 30, 1995.*

**ARTICLE 5**

**PUBLIC SAFETY OFFICER'S SURVIVOR BENEFITS**

**Section 1. [299A.41] [DEFINITIONS.]**

*Subdivision 1. [SCOPE.] The definitions used in this section apply in this chapter.*

*Subd. 2. [DEPENDENT CHILD.] A "dependent child" means a person who is unmarried and who was either living with or was receiving support contributions from the public safety officer at the time of death, including a child by birth, a stepchild, an adopted child, or a posthumous child, and who is:*

- (1) under 18 years of age;*
- (2) over 18 years of age and incapable of self-support because of physical or mental disability; or*
- (3) over 18 years of age and a student as defined by United States Code, title 5, section 8101.*

*Subd. 3. [KILLED IN THE LINE OF DUTY.] "Killed in the line of duty" does not include deaths from natural causes.*

*Subd. 4. [PUBLIC SAFETY OFFICER.] "Public safety officer" includes:*

- (1) a peace officer defined in section 626.84;*
- (2) a correction officer employed at a correctional facility and charged with maintaining the safety, security, discipline, and custody of inmates at the facility;*
- (3) a firefighter employed on a full-time basis by the state or by a fire department of a governmental subdivision of the state, who is engaged in the hazards of firefighting;*
- (4) a legally enrolled member of a volunteer fire department or member of an independent nonprofit firefighting corporation who is engaged in the hazards of firefighting;*
- (5) a good samaritan while complying with the request or direction of a public safety officer to assist the officer;*
- (6) a reserve police officer or a reserve deputy sheriff while acting under the supervision and authority of a political subdivision;*
- (7) a driver or attendant with a licensed basic or advanced life support transportation service who is engaged in providing emergency care; and*
- (8) a first responder who is certified by the commissioner of health to perform basic emergency skills before the arrival of a licensed ambulance service and who is a member of an organized service recognized by a local political subdivision to respond to medical emergencies to provide initial medical care before the arrival of an ambulance.*

*Subd. 5. [SPOUSE.] "Spouse" means a person legally married to the decedent at the time of the decedent's death.*

**Sec. 2. [299A.42] [PUBLIC SAFETY OFFICER'S BENEFIT ACCOUNT.]**

*The public safety officer's benefit account is created in the state treasury. Money in the account consists of money transferred and appropriated to that account.*

**Sec. 3. [299A.43] [ELIGIBILITY DETERMINATION; CONTESTED CASE.]**

*A challenge to a determination of eligibility by the commissioner of public safety must be heard as a contested case, except that the decision of the administrative law judge is binding on the parties to the proceeding. The order of the administrative law judge is the final decision of the commissioner. The hearing must be conducted according to sections 14.56 to 14.62 and is subject to appeal according to sections 14.63 to 14.68.*

**Sec. 4. [299A.44] [DEATH BENEFIT.]**

*On certification to the governor by the commissioner of public safety that a public safety officer employed within this state has been killed in the line of duty, leaving a spouse or one or more eligible dependents, the commissioner of finance shall pay \$100,000 from the public safety officer's benefit account, as follows:*

- (1) if there is no dependent child, to the spouse;*
- (2) if there is no spouse, to the dependent child or children in equal shares;*

(3) if there are both a spouse and one or more dependent children, one-half to the spouse and one-half to the child or children, in equal shares;

(4) if there is no surviving spouse or dependent child or children, to the parent or parents dependent for support on the decedent, in equal shares; or

(5) if there is no surviving spouse, dependent child, or dependent parent, then no payment may be made from the public safety officer's benefit fund.

Sec. 5. [299A.45] [EDUCATION BENEFIT.]

*Subdivision 1. [ELIGIBILITY.] Following certification under section 4 and compliance with this section and rules of the commissioner of public safety and the higher education coordinating board, dependent children less than 23 years of age and the surviving spouse of a public safety officer killed in the line of duty on or after January 1, 1973, are eligible to receive educational benefits under this section. To qualify for an award, they must be enrolled in undergraduate degree or certificate programs after June 30, 1990, at a Minnesota public post-secondary institution or a private, residential, two-year or four-year, liberal arts, degree granting college or university located in Minnesota. Persons who have received a baccalaureate degree or have been enrolled full time or the equivalent of eight semesters or 12 quarters, whichever occurs first, are no longer eligible.*

*Subd. 2. [AWARD AMOUNT.] (a) The amount of the award is:*

*(1) for public institutions, the actual tuition and fees charged by the institution, or*

*(2) for private institutions the lesser of (i) the actual tuition and fees charged by the institution or (ii) the highest tuition and fees charged by a public institution in Minnesota.*

*(b) An award under this subdivision must not affect a recipient's eligibility for a state grant under section 136A.121.*

*Subd. 3. [PAYMENT.] On proof of eligibility for this program, an eligible institution, on behalf of the student, shall request payment of the award from the higher education coordinating board. An institution must not request payment unless the student is enrolled in or has completed the term for which the payment is intended.*

*Subd. 4. [RENEWALS.] Each award must be given for one academic year and is renewable for a maximum of six semesters or nine quarters or their equivalent. An award must not be given to a dependent child who is 23 years of age or older on the first day of the academic year.*

Sec. 6. [299A.46] [RULES.]

*The commissioner of public safety may adopt rules, including emergency rules, under chapter 14 to implement, coordinate, and administer sections 1 to 4. The higher education coordinating board may adopt rules, including emergency rules, to implement, coordinate, and administer section 5.*

Sec. 7. [REPORTS.]

*By February 1, 1991, the commissioner of public safety shall report to the chairs of the house appropriations and senate finance committees on the use of the educational benefits provisions and on any recommendations to change these provisions. The higher education coordinating board shall report on its expenditures as part of its 1991 biennial budget request.*

## Sec. 8. [REPEALER.]

*Minnesota Statutes 1988, sections 176B.01, as amended by Laws 1989, chapter 289, section 2; 176B.02; 176B.03; 176B.04; and 176B.05, are repealed.*

## Sec. 9. [MONEY SET ASIDE.]

*The higher education coordinating board shall set aside \$100,000 appropriated for the state grant program under Minnesota Statutes, section 136A.121 for the purpose of section 5.*

## Sec. 10. [EFFECTIVE DATES.]

*Sections 1 to 4, 6, and 8 are effective the day following final enactment. Section 5 is effective July 1, 1990, and applies to all eligible surviving dependents and spouses of public safety officers killed in the line of duty on or after January 1, 1973.*

## ARTICLE 6

## MISCELLANEOUS

Section 1. Minnesota Statutes 1989 Supplement, section 16B.335, subdivision 2, is amended to read:

Subd. 2. [OTHER PROJECTS.] All other *capital* projects *except for those contained in agency operations budgets*, including building improvements, small structures at experiment stations, asbestos removal, life safety, PCB removal, tuckpointing, roof repair, code compliance, landscaping, drainage, electrical and mechanical systems work, paving of streets, parking lots, and the like must not proceed until the agency undertaking the project has notified the chair of the senate finance committee and the chair of the house appropriations committee that the work is ready to begin.

## Sec. 2. [136A.0411] [COLLECTING FEES.]

*The board may charge fees for seminars, conferences, workshops, services, and materials. The money is annually appropriated to the board.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 136A.05, is amended to read:

## 136A.05 [COOPERATION OF INSTITUTIONS OF HIGHER EDUCATION.]

*Subdivision 1.* All public institutions of higher education, all school districts providing post-secondary vocational education, and all state departments and agencies shall cooperate with and supply information requested by the higher education coordinating board in order to enable it to carry out and perform its duties. Private post-secondary institutions are requested to cooperate and provide information.

*Subd. 2.* *The higher education coordinating board and public post-secondary institutions shall provide data, in a manner consistent with state and federal laws governing student records, to and as requested by the Minnesota house or senate for research projects and studies qualifying under Code of Federal Regulations, title 34, section 99.31(a)(6). Private post-secondary institutions are requested to cooperate and provide data. As a condition of receiving the data, the house or senate shall enter into an agreement with the board or institutions to ensure that the house or senate will not disclose any data that identify individuals.*



Sec. 4. Minnesota Statutes 1989 Supplement, section 136A.08, is amended to read:

136A.08 [RECIPROCAL AGREEMENTS RELATING TO NONRESIDENT TUITION WITH OTHER STATES OR PROVINCES.]

*Subdivision 1. [DEFINITIONS.] For the purposes of this section, the terms "province" and "provincial" mean the Canadian province of Manitoba.*

~~Subdivision 1.~~ *Subd. 2. [AUTHORIZATION.] The Minnesota higher education coordinating board may enter into agreements, on subjects that include remission of nonresident tuition for designated categories of students at public post-secondary institutions, with appropriate state or provincial agencies and public post-secondary institutions in other states or provinces. The agreements shall be for the purpose of the mutual improvement of educational advantages for residents of this state and other states or provinces with whom agreements are made.*

~~Subd. 1a- 3.~~ *[WISCONSIN.] A higher education reciprocity agreement with the state of Wisconsin may include provision for the transfer of funds between Minnesota and Wisconsin provided that an income tax reciprocity agreement between Minnesota and Wisconsin is in effect for the period of time included under the higher education reciprocity agreement. If this provision is included, the amount of funds to be transferred shall be determined according to a formula which is mutually acceptable to the board and a duly designated agency representing Wisconsin. The formula shall recognize differences in tuition rates between the two states and the number of students attending institutions in each state under the agreement. Any payments to Minnesota by Wisconsin shall be deposited by the board in the general fund of the state treasury. The amount required for the payments shall be certified by the executive director of the higher education coordinating board to the commissioner of finance annually.*

~~Subd. 2- 4.~~ *[NORTH DAKOTA; SOUTH DAKOTA.] A reciprocity agreement with North Dakota may include provision for the transfer of funds between Minnesota and North Dakota. If provision for transfer of funds between the two states is included, the amount of funds to be transferred shall be determined according to a formula which is mutually acceptable to the board and a duly designated agency representing North Dakota. In adopting a formula, the board shall consider tuition rates in the two states and the number of students attending institutions in each state under the agreement. Any payment to Minnesota by North Dakota shall be deposited by the board in the general fund. The amount required for the payments shall be certified by the executive director of the higher education coordinating board to the commissioner of finance annually. All provisions in this subdivision pertaining to North Dakota shall also be applied to South Dakota, and all authority and conditions granted for higher education reciprocity with North Dakota are also granted for higher education reciprocity with South Dakota.*

~~Subd. 3- 5.~~ *[FINANCIAL AID.] The board may enter into an agreement, with a state or province with which it has negotiated a reciprocity agreement for tuition, to permit students from both states to receive student aid awards from the student's state or province of residence for attending an eligible institution in the other state or province.*

~~Subd. 4- 6.~~ *[GOVERNING BOARD APPROVAL.] An agreement made by the board under this section is not valid as to a particular institution*

without the approval of that institution's state or provincial governing board. *A valid agreement under this subdivision that incurs additional financial liability to the state, beyond enrollment funding adjustments, must be submitted to the chairs of the senate finance and house appropriations committees for review. The agreement remains valid unless it is disapproved in law.*

Sec. 5. Minnesota Statutes 1988, section 136A.15, as amended by Laws 1989, chapter 293, sections 33 to 35, is amended to read:

136A.15 [DEFINITIONS.]

Subdivision 1. For purposes of sections 136A.15 to 136A.1702, the terms defined in this section have the meanings ascribed to them.

Subd. 2. "Academic year or its equivalent" shall be as defined in the federal regulations which govern the administration of the National Vocational Student Loan Insurance Act of 1965 and title IV of the Higher Education Act of 1965.

Subd. 3. "Board" means the Minnesota higher education coordinating board.

Subd. 4. "Director" means the executive director of the Minnesota higher education coordinating board.

*Subd. 5. "Province" means the Canadian province of Manitoba.*

Subd. ~~5~~-6. "Eligible institution" means any public educational institution and any private educational institution, in any state which is approved by the United States commissioner of education in accordance with requirements set forth in the Higher Education Act of 1965, as amended. *It also includes any institution chartered in a province.*

Subd. ~~6~~-7. "Eligible lender" means an eligible institution, an agency or instrumentality of a state, or a financial or credit institution (including an insurance company) which is subject to examination and supervision by an agency of the state of Minnesota or of the United States.

Subd. ~~7~~-8. "Eligible student" means a student who is officially registered or accepted for enrollment at an eligible institution in Minnesota or a Minnesota resident who is officially registered as a student or accepted for enrollment at an eligible institution in another state or province. Eligible student, except for purposes of section 136A.1701, includes parents of an eligible student as the term "parent" is defined in the Higher Education Act of 1965, as amended, and applicable regulations. Except for the purposes of section 136A.1701, eligible student also includes students eligible for auxiliary loans as the term "auxiliary" is defined in the Higher Education Act of 1965, as amended, and applicable regulations. An eligible student, for section 136A.1701, means a student who gives informed consent authorizing the disclosure of data specified in section 136A.162, paragraph (b), to a consumer credit reporting agency.

Subd. ~~8~~-9. "Resident student" means a student who meets the conditions in section 136A.101, subdivision 8.

Sec. 6. Minnesota Statutes 1988, section 136C.05, is amended by adding a subdivision to read:

*Subd. 7. [ADMINISTRATIVE SERVICES.] A technical college must not contract for administrative services with a school board unless the services*

are approved by the state director as part of an administrative services plan. Each school board affected by this subdivision shall submit an administrative services plan to the state director.

Sec. 7. Minnesota Statutes 1988, section 136C.08, subdivision 2, is amended to read:

Subd. 2. Any fee established by the board pursuant to under the authority granted in subdivision 1 shall not exceed \$1 per day per vehicle must be approved by the state board. Parking fees collected shall be deposited in the general or repair and betterment fund of the school district or joint school district.

Sec. 8. Minnesota Statutes 1988, section 137.022, subdivision 1, is amended to read:

Subdivision 1. [INVESTMENT.] The investment management of the permanent university fund shall be under the jurisdiction of the board of regents of the University of Minnesota, subject to any limitations imposed by the Constitution of the state of Minnesota, article XI, section 9. All securities and cash held in the state treasury credited to the permanent university fund that are unappropriated or unencumbered are transferred and appropriated to the board of regents of the University of Minnesota solely for the purpose of investment by them; with the restriction that all such investment transactions be handled through the supervision of investment counselors, bank trust departments, or insurance companies which are organized, licensed, or have registered offices within the state of Minnesota or have agreed in writing to conduct such securities transactions and investment counseling under Minnesota law and the rules established by the department of commerce. These. The investments shall be are restricted to those authorized as eligible for use in the Minnesota postretirement investment fund, section 11A.18, with the exception that corporate debt securities may be used to the extent of 80 percent of the portfolio the state board of investment may invest in under section 11A.24.

Sec. 9. Minnesota Statutes 1988, section 137.022, subdivision 3, is amended to read:

Subd. 3. [ENDOWED CHAIRS.] (a) The income from the permanent university fund must be used, and capital gains of the fund may be used, to help endow provide endowment support for professorial chairs in academic disciplines. This income The endowment support for the chairs from the income and the capital gains must not total more than six percent per year of the 36-month trailing average market value of the fund, as computed quarterly or otherwise as directed by the regents. The endowment support from the income and the capital gains must not provide more than half the sum of the endowments endowment support for all chairs endowed, with nonstate sources providing the remainder. The endowment support from the income and the capital gains may provide more than half the endowment support of an individual chair.

(b) If any portion of the annual appropriation that of the income is not used for this the purpose specified in paragraph (a), that portion lapses and must be added to the principal of the permanent university fund.

Sec. 10. Laws 1989, chapter 293, section 2, subdivision 2, is amended to read:

Subd. 2. Agency Administration

\$3,900,000

\$2,972,000

(a) The optometry and osteopathy contract program for students who were in the program in the 1986-1987 academic year must be discontinued on June 30, 1990. No new students may be admitted.

(b) As part of its 1991 biennial budget request, the HECB shall report its recommendations for improvements to the SELF program.

(c) Notwithstanding Laws 1987, chapter 401, section 33, the task force on post-secondary quality assessment may continue for the 1989-1991 biennium. The task force membership may be expanded to include public members appointed by the higher education advisory council from nominees submitted by the HECB.

(d) No further funding of the enterprise development centers shall be provided through the HECB. The Greater Minnesota Corporation may provide funding for the centers.

(e) \$150,000 for the biennium is for matching grants to post-secondary institutions that submit acceptable proposals for campus community service projects emphasizing students performing as tutors or mentors to their younger peers. Campus community service projects attempt to instill in students the value of civic involvement and the belief that each student's community service can make a difference in the community. The HECB may award up to 20 grants. To receive a grant, a recipient must match the grant amount from any resources available to the institution. The state grant is for a staff person on each recipient's campus to coordinate student community service involvement. Up to \$25,000 of the appropriation may be used for HECB administration, coordination, training, consultation, and evaluation costs. The legislature intends the grant program to be phased out at the end of the biennium to be replaced by 100 percent funding by the recipient institutions from any resources available to the institution.

(f) The HECB shall undertake the second phase of the study of post-secondary needs in the state, as provided in Laws 1988, chapter 703, article 1, section 2, subdivision 3. This phase must concentrate on those parts of the state outside the St. Cloud to Rochester population corridor. The HECB may contract for portions of the study, as necessary, but is not subject to Minnesota Statutes, chapter 16B. Before

proceeding with the request for proposals, the HECB shall consult with the post-secondary systems, institutions, and other relevant agencies to locate studies and market analyses that could be used in conducting phase 2. 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, quality of education, *improvement of intersystem cooperation, reduction of duplication*, and system and institutional missions.

The study should include consideration of at least the following concerns: the current and projected demographic and participation trends; current levels and types of services available; *and needs of traditional and nontraditional students; the geographical accessibility of services needed by different types of students; uses of alternative delivery systems, instructional technology, cooperative efforts, and reciprocity agreements; relationships between post-secondary institutions and business; and the physical capacity of existing institutions.* The study shall analyze attendance patterns and may include market surveys. The HECB shall report the findings of the study to the education and finance committees of the senate and the education and appropriations committees of the house by ~~December 1, 1990.~~ ~~By January 1, 1991, the HECB shall review and comment on each of the strategies proposed in the study March 15, 1991.~~ In submitting the findings of phase 2, the board shall relate them to the results of phase 1 and their implications for statewide policy.

The study shall serve as the 1990 intersystem plan as required in Minnesota Statutes, section 135A.06, subdivision 2.

(g) The HECB shall analyze and make recommendations on plans submitted for providing undergraduate and practitioner-oriented graduate programs in the seven-county metropolitan area. By February 1, 1990, the HECB shall report on its recommendations to the education and finance committees of the senate and the education and appropriations committees of the house.

Sec. 11. [LOURDES HALL PURCHASE.]

*The state university board may purchase Lourdes Hall, located on the campus of the former college of St. Teresa in Winona, for use as a residential*

*college. The purchase may be by contract for deed. If the contract is terminated for default by the board, the seller's exclusive remedies are to retain the payments previously made and repossess the property; the seller must not sue on the contract to recover any additional amounts due under the contract. Responsibility for insuring the property during the term of the contract must be on the seller. Before finalizing the purchase agreement, the board shall obtain the advisory recommendations of the chairs of the senate finance and house appropriations committees.*

Sec. 12. [CONSUMER INFORMATION SYSTEM.]

*The public post-secondary state governing boards, and private post-secondary colleges and occupational and technical institutions that enroll recipients of state grants, shall develop a consumer information system for occupational programs. The system must be based on student placement and must include all subbaccalaureate occupational programs and all programs that lead to an occupation requiring certification, licensure, or testing for entry. The first phase of the system must include all subbaccalaureate occupational programs. The higher education coordinating board must coordinate the development of the system and must report on it to the chairs of the house appropriations and the senate finance committees by February 15, 1991.*

Sec. 13. [REPORT TO LEGISLATURE.]

*The state board for community colleges shall report in the 1991 biennial budget document, recommendations for the appropriate administrative structure for a community college campus at Cambridge. In making its recommendations, the board shall review the combined administrative structure for the community colleges located in the Arrowhead and Clearwater regions of the state. The center at Cambridge will be designated as a community college if the legislature enacts an appropriation specifically for this purpose.*

Sec. 14. [EFFECTIVE DATE.]

*Sections 3 to 5, and 8 to 12 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to public administration; appropriating money or reducing appropriations 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; clarifying the duties and powers of the higher education coordinating board; expanding authorization for tuition reciprocity agreements; regulating off-campus centers; establishing rural health programs, and a public safety officer's survivor benefits program; providing for planning, operations, and acquisitions; regulating public post-secondary education system plans; requiring reports; adjusting contributions to state system retirement plans; amending Minnesota Statutes 1988, sections 136.62, by adding a subdivision; 136A.15, as amended; 136C.04, by adding a subdivision; 136C.05, by adding a subdivision; 136C.08, subdivision 2; 137.022, subdivisions 1 and 3; 352.92, subdivision 2; 352B.02, subdivision 1c; and 354.42, subdivision 5; Minnesota Statutes 1989 Supplement, sections 16B.335, subdivision 2; 135A.06, subdivision 3, and by adding a subdivision; 136.03, by adding a subdivision; 136A.04; 136A.05; 136A.08; and 352.04, subdivisions 2 and 3; Laws 1989, chapter 293, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters

136A, 137, and 299A; repealing Minnesota Statutes 1988, sections 176B.01, as amended; 176B.02; 176B.03; 176B.04; and 176B.05.”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Dean E. Johnson, Ronald R. Dicklich, Nancy Brataas

House Conferees: (Signed) Lyndon R. Carlson, John Dorn, Len Price, Howard Orenstein, Connie Morrison

Mr. Waldorf moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2618 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. 2618 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 12, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Laidig	Moe, R.D.	Renneke
Beckman	DeCramer	Langseth	Morse	Samuelson
Berg	Dicklich	Lantry	Novak	Schmitz
Berglin	Flynn	Lessard	Pariseau	Spear
Bertram	Frank	Luther	Pehler	Stumpf
Brandl	Frederickson, D.J.	Marty	Peterson, R.W.	Vickerman
Brataas	Frederickson, D.R.	McQuaid	Piper	Waldorf
Chmielewski	Hughes	Merriam	Pogemiller	
Cohen	Johnson, D.E.	Metzen	Purfeerst	
Dahl	Kroening	Moe, D.M.	Reichgott	

Those who voted in the negative were:

Anderson	Decker	Larson	Olson	Ramstad
Belanger	Frederick	McGowan	Piepho	Storm
Bernhagen	Knaak			

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 7:30 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. Brandl 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 has adopted the recommendation and report of the Conference Committee on House File No. 2419, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2419 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 24, 1990

Mr. Kroening moved that H.F. No. 2419 be laid on the table. The motion prevailed.

## MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2317 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2317

A bill for an act relating to utilities; providing for the assessment of expenses for adjudicating service area disputes to municipal electric utilities; providing for civil penalties for violations of chapter 237; reestablishing the position of program administrator of the telecommunications access for communication-impaired persons board; extending the electric utility service area task force until 1992; requiring a study; appropriating money; amending Minnesota Statutes 1988, sections 216B.62, subdivision 5; and 237.51, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 237.

April 20, 1990

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. 2317, 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. 2317 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 216B.62, subdivision 5, is amended to read:

Subd. 5. The commission and department shall be authorized to charge cooperative electric associations *and municipal electric utilities* their proportionate share of the expenses incurred in the adjudication of service area disputes and all of the costs incurred in the adjudication of complaints over service standards ~~and~~, practices, *and rates*. Cooperative electric associations electing to become subject to rate regulation by the commission pursuant to section ~~216B.02~~ 216B.026, subdivision 4, shall *also* be subject



to this section.

Sec. 2. [237.461] [ENFORCEMENT.]

*Subdivision 1. [ACTIONS.] This chapter and rules and orders of the commission adopted under this chapter may be enforced by any one or combination of: criminal prosecution, action to recover civil penalties, injunction, action to compel performance, and other appropriate action.*

*Subd. 2. [CIVIL PENALTY.] A person who knowingly and intentionally violates a provision of this chapter or rule or order of the commission adopted under this chapter shall forfeit and pay to the state a penalty, in an amount to be determined by the court, of at least \$100 and not more than \$1,000 for each day of each violation. The civil penalties provided for in this section may be recovered by a civil action brought by the attorney general in the name of the state. Amounts recovered under this section must be paid into the state treasury.*

Sec. 3. Minnesota Statutes 1988, section 237.51, subdivision 5, is amended to read:

Subd. 5. [DUTIES.] In addition to any duties specified elsewhere in sections 237.51 to 237.56, the board shall:

(1) define economic hardship, special needs, and household criteria so as to determine the priority of eligible applicants for initial distribution of devices and to determine circumstances necessitating provision of more than one communication device per household;

(2) establish a method to verify eligibility requirements;

(3) establish specifications for communication devices to be purchased under section 237.53, subdivision 3;

(4) enter contracts for the establishment and operation of the message relay service pursuant to section 237.54;

(5) inform the public and specifically the community of communication-impaired persons of the program;

(6) prepare the reports required by section 237.55;

(7) administer the fund created in section 237.52;

(8) ~~retain the services~~ *reestablish and fill the position of a program administrator in the unclassified service;*

(9) adopt rules, including emergency rules, under chapter 14 to implement the provisions of sections 237.50 to 237.56; and

(10) study the potential economic impact of the program on local communication device retailers and dispensers. Notwithstanding any provision of chapter 16B, the board shall develop guidelines for the purchase of some communication devices from local retailers and dispensers if the study determines that otherwise they will be economically harmed by implementation of sections 237.50 to 237.56.

Sec. 4. [TASK FORCE.]

*The task force established by Laws 1989, chapter 309, is continued until January 31, 1992. The speaker of the house of representatives and the subcommittee on committees of the senate committee on rules and administration shall each appoint five members of their respective houses to the*

*task force. At least one member from each house of the legislature must be a member of the minority caucus. The task force shall consider the results of the study required by section 5 and report its recommendations to the legislature by February 1, 1992.*

Sec. 5. [STUDY.]

*The department of public service may employ the services of a consultant to study issues raised in the report required by Laws 1989, chapter 309, section 1. The study must focus on the effect of utility capacity on rates, and must attempt to identify procedures and processes to review and coordinate capacity planning by regulated and unregulated utilities so that adequate attention is given not only to ways to meet future demand, but also to forecast and find efficient use for surplus capacity. The public utilities commission shall cooperate with the department on the study. The department may assess the costs of the study to the affected utilities in proportion to their gross operating revenues, but not more than \$200,000 less any amount assessed under Laws 1989, chapter 309, section 1, subdivision 6. The department shall use the proceeds of any assessment under this section to cover its own costs and those incurred by the commission, including the cost of employing a consultant and staff time.*

Sec. 6. [APPROPRIATION.]

*Assessments collected under section 5 are appropriated to the department of public service to cover the costs associated with the study required by section 5. The money is available until March 1, 1992. Any money from assessments unexpended on that date remains in the general fund."*

Delete the title and insert:

"A bill for an act relating to utilities; providing for the assessment of expenses for adjudicating service area disputes to municipal electric utilities; providing for civil penalties for violations of chapter 237; reestablishing the position of program administrator of the telecommunications access for communication-impaired persons board; extending the electric utility service area task force until 1992; requiring a study; appropriating money; amending Minnesota Statutes 1988, sections 216B.62, subdivision 5; 237.51, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 237."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ronald R. Dicklich, John J. Marty, Dean E. Johnson

House Conferees: (Signed) Joel Jacobs, Pat Beard, Ben Boo

Mr. Dicklich moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2317 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. 2317 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	Hughes	McGowan	Peterson, R. W.
Anderson	Dahl	Johnson, D.E.	McQuaid	Piepho
Beckman	Davis	Knaak	Merriam	Piper
Belanger	Decker	Knutson	Metzen	Ramstad
Benson	DeCramer	Kroening	Moe, D.M.	Renneke
Berglin	Dicklich	Laidig	Moe, R. D.	Schmitz
Bernhagen	Flynn	Langseth	Novak	Spear
Bertram	Frank	Lantry	Olson	Storm
Brandl	Frederick	Luther	Pariseau	Stumpf
Chmielewski	Gustafson	Marty	Pehler	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. 1813 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1813

A bill for an act relating to human services; amending the Medicare certification requirement for nursing homes; amending Minnesota Statutes 1989 Supplement, section 256B.48, subdivision 6.

April 24, 1990

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. 1813, 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. 1813 be further amended as follows:

Page 1, after line 6, insert:

“Section 1. Minnesota Statutes 1989 Supplement, section 256B.092, subdivision 7, is amended to read:

Subd. 7. [SCREENING TEAMS ESTABLISHED.] (a) Each county agency shall establish a screening team which, under the direction of the county case manager, shall make an evaluation of need for home and community-based services of persons who are entitled to the level of care provided by an intermediate care facility for persons with mental retardation or related conditions or for whom there is a reasonable indication that they might require the level of care provided by an intermediate care facility. The screening team shall make an evaluation of need within 15 working days of the date that the assessment is completed or within 60 working days of a request for service by a person with mental retardation or related conditions, whichever is the earlier, and within five working days of an emergency admission of an individual 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, and a qualified mental retardation professional, as defined in the Code of Federal Regulations, title 42, section 483.430, as amended through June 3, 1988. The case manager may also act as the qualified mental retardation professional if the case manager meets the federal definition. County social service

agencies may contract with a public or private agency or individual who is not a service provider for the person for the public guardianship representation required by the screening or individual service and habilitation planning process. The contract shall be limited to public guardianship representation for the screening and individual service and habilitation planning activities. The contract shall require compliance with the commissioner's instructions and may be for paid or voluntary services. For individuals 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.

(b) In addition to the requirements of paragraph (a), the following conditions apply to the discharge of persons with mental retardation or a related condition from a regional treatment center:

(1) For a person under public guardianship, at least two weeks prior to each screening team meeting the case manager must notify in writing parents, near relatives, and the ombudsman established under section 245.92 or a designee, and invite them to attend. The notice to parents and near relatives must include: (i) notice of the provisions of section 252A.03, subdivision 4, regarding assistance to persons interested in assuming private guardianship; (ii) notice of the rights of parents and near relatives to object to a proposed discharge by requesting a review as provided in clause (7); and (iii) information about advocacy services available to assist parents and near relatives of persons with mental retardation or related conditions. In the case of an emergency screening meeting, the notice must be provided as far in advance as practicable.

(2) Prior to the discharge, a screening must be conducted under subdivision 8 and a plan developed under subdivision 1a. For a person under public guardianship, the county shall encourage parents and near relatives to participate in the screening team meeting. The screening team shall consider the opinions of parents and near relatives in making its recommendations. The screening team shall determine that the services outlined in the plan are available in the community before recommending a discharge. The case manager shall provide a copy of the plan to the person, legal representative, parents, near relatives, the ombudsman established under section 245.92, and the protection and advocacy system established under United States Code, title 42, section 6042, at least 30 days prior to the date the proposed discharge is to occur. The information provided to parents and near relatives must include notice of the rights of parents and near relatives to object to a proposed discharge by requesting a review as provided in clause (7). If a discharge occurs, the case manager and a staff person from the regional treatment center from which the person was discharged must conduct a monitoring visit as required in Minnesota Rules, part 9525.0115, within 90 days of discharge and provide an evaluation within 15 days of the visit to the person, legal representative, parents, near relatives, ombudsman, and the protection and advocacy system established under United States Code, title 42, section 6042.

(3) In order for a discharge or transfer from a regional treatment center

to be approved, the concurrence of a majority of the screening team members is required. The screening team shall determine that the services outlined in the discharge plan are available and accessible in the community before the person is discharged. The recommendation of the screening team cannot be changed except by subsequent action of the team and is binding on the county and on the commissioner. If the commissioner or the county determines that the decision of the screening team is not in the best interests of the person, the commissioner or the county may seek judicial review of the screening team recommendation. A person or legal representative may appeal under section 256.045, subdivision 3 or 4a.

(4) For persons who have overriding health care needs or behaviors that cause injury to self or others, or cause damage to property that is an immediate threat to the physical safety of the person or others, the following additional conditions must be met:

(i) For a person with overriding health care needs, either a registered nurse or a licensed physician shall review the proposed community services to assure that the medical needs of the person have been planned for adequately. For purposes of this paragraph, "overriding health care needs" means a medical condition that requires daily clinical monitoring by a licensed registered nurse.

(ii) For a person with behaviors that cause injury to self or others, or cause damage to property that is an immediate threat to the physical safety of the person or others, a qualified mental retardation professional, as defined in paragraph (a), shall review the proposed community services to assure that the behavioral needs of the person have been planned for adequately. The qualified mental retardation professional must have at least one year of experience in the areas of assessment, planning, implementation, and monitoring of individual habilitation plans that have used behavior intervention techniques.

(5) No person with mental retardation or a related condition may be discharged from a regional treatment center before an appropriate community placement is available to receive the person.

(6) *Effective July 1, 1991*, a resident of a regional treatment center may not be discharged to a community intermediate care facility with a licensed capacity of more than 15 beds. *Effective July 1, 1993*, a resident of a regional treatment center may not be discharged to a community intermediate care facility with a licensed capacity of more than ten beds.

(7) If the person, legal representative, parent, or near relative of the person proposed to be discharged from a regional treatment center objects to the proposed discharge, the individual who objects to the discharge may request a review under section 256.045, subdivision 4a, and may request reimbursement as allowed under section 256.045. The person must not be transferred from a regional treatment center while a review or appeal is pending. Within 30 days of the request for a review, the local agency shall conduct a conciliation conference and inform the individual who requested the review in writing of the action the local agency plans to take. The conciliation conference must be conducted in a manner consistent with section 256.045, subdivision 4a. A person, legal representative, parent, or near relative of the person proposed to be discharged who is not satisfied with the results of the conciliation conference may submit to the commissioner a written request for a hearing before a state human services referee under section 256.045, subdivision 4a. The person, legal representative,

parent, or near relative of the person proposed to be discharged may appeal the order to the district court of the county responsible for furnishing assistance by serving a written copy of a notice of appeal on the commissioner and any adverse party of record within 30 days after the day the commissioner issued the order and by filing the original notice and proof of service with the court administrator of the district court. Judicial review must proceed under section 256.045, subdivisions 7 to 10. For a person under public guardianship, the ombudsman established under section 245.92 may object to a proposed discharge by requesting a review or hearing or by appealing to district court as provided in this clause. The person must not be transferred from a regional treatment center while a conciliation conference or appeal of the discharge is pending."

Page 3, after line 19, insert:

"Sec. 3. [PLAN FOR DOWNSIZING INTERMEDIATE CARE FACILITIES.]

*The commissioner of human services, in consultation with representatives of intermediate care facilities, parents, advocates, and other interested persons and organizations, shall develop a plan to eliminate discharges from regional treatment centers to larger community intermediate care facilities. The plan must be presented to the legislature by January 1, 1991."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon insert "delaying restrictions on discharges of residents from regional treatment centers to larger community intermediate care facilities; requiring the commissioner to develop a plan;"

Page 1, line 4, delete "section" and insert "sections 256B.092, subdivision 7; and"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Linda Berglin, Howard A. Knutson

House Conferees: (Signed) Alan W. Welle, Peter Rodosovich, Lee Greenfield

Ms. Berglin moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1813 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. 1813 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 2, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Metzen	Ramstad
Anderson	Decker	Knutson	Moe, D.M.	Renneke
Beckman	DeCramer	Kroening	Moe, R.D.	Schmitz
Belanger	Dicklich	Laidig	Novak	Solon
Benson	Flynn	Langseth	Olson	Spear
Berglin	Frank	Lantry	Pariseau	Storm
Bernhagen	Frederick	Luther	Pehler	Stumpf
Bertram	Freeman	Marty	Peterson, R.W.	Vickerman
Brandl	Gustafson	McGowan	Piepho	Waldorf
Cohen	Hughes	McQuaid	Piper	
Dahl	Johnson, D.E.	Merriam	Pogemiller	

Messrs. Chmielewski and Samuelson voted in the negative.

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

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

### REPORTS OF COMMITTEES

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

S.F. No. 2629: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors of a noncontroversial nature; amending Minnesota Statutes 1988, section 343.21, subdivision 10, as amended.

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

Page 2, after line 10, insert:

“Sec. 2. [OMITTED EFFECTIVE DATE; MOBERG TRAIL.]

*Laws 1990, chapter 357, is effective the day following final enactment of this section.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 62A.316, as amended by Laws 1990, chapter 403, section 5, is amended to read:

62A.316 [BASIC MEDICARE SUPPLEMENT PLAN; COVERAGE.]

(a) The basic Medicare supplement plan must have a level of coverage that will provide:

(1) coverage for all of the Medicare part A inpatient hospital coinsurance amounts, and 100 percent of all Medicare part A eligible expenses for hospitalization not covered by Medicare for the calendar year, after satisfying the Medicare part A deductible;

(2) coverage for the daily copayment amount of Medicare part A eligible expenses for the calendar year incurred for skilled nursing facility care;

(3) coverage for the 20 percent copayment amount of Medicare eligible expenses excluding outpatient prescription drugs under Medicare part B regardless of hospital confinement for Medicare part B after the Medicare deductible amount;

(4) coverage for the reasonable cost of the first three pints of blood, or

equivalent quantities of packed red blood cells as defined under federal regulations under Medicare parts A and B, unless replaced in accordance with federal regulations; and

(5) 100 percent of the cost of immunizations.

(b) Only the following optional benefit riders may be added to this plan:

(1) coverage for all of the Medicare part A inpatient hospital deductible amount;

(2) a minimum of 80 percent of usual and customary eligible medical expenses and supplies not covered by Medicare part B ~~eligible expenses~~. This does not include outpatient prescription drugs;

(3) coverage for all of the Medicare part B annual deductible; and

(4) coverage for at least 50 percent, or the equivalent of 50 percent, of usual and customary prescription drug expenses.

Nothing in this section prohibits the plan from requiring that services be received from providers designated as preferred providers or participating providers in order to receive coverage under optional benefit riders.

Sec. 4. Minnesota Statutes 1989 Supplement, section 144A.071, subdivision 3, as amended by Laws 1990, chapter 472, section 1, 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 nursing home beds are not certified for participation in the medical assistance program; and (2) the relocation of nursing home beds under this clause should not exceed a radius of six miles;

(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 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. 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;

(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;

(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;

(r) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, 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 new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements; or

(s) to license or certify beds that are moved from a nursing home to a separate facility under common ownership *or control* that was formerly licensed as a hospital and is currently licensed as a nursing facility and that is located within eight miles of the original facility, provided the original nursing home building will no longer be operated as a nursing home. 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.

Sec. 5. Minnesota Statutes 1989 Supplement, section 308A.621, is amended to read:

308A.621 [CERTIFICATION OF MAILED MEETING NOTICE.]

(a) After mailing special or regular members' meeting notices, the secretary shall execute a certificate containing:

- (1) a correct copy of the mailed or published notice;
- (2) the date of mailing or publishing the notice; and
- (3) a statement that the special or regular members' meeting notices were mailed or published as prescribed by ~~this~~ section 308A.611, subdivision 5, or 308A.615, subdivision 2.

(b) The certificate shall be made a part of the record of the meeting.

Sec. 6. Minnesota Statutes 1988, section 469.005, subdivision 1, as amended by Laws 1990, chapter 532, section 5, is amended to read:

Subdivision 1. [COUNTY AND MULTICOUNTY AUTHORITIES.] The area of operation of a county authority shall include all of the county for

which it is created, and in case of a multicounty authority, it shall include all of the political subdivisions for which the multicounty authority is created; provided, that a county authority or a multicounty authority shall not undertake any project within the boundaries of any city which has not empowered the authority to function therein as provided in section 469.004 unless a resolution has been adopted by the governing body of the city, and by any authority which has been established in the city, declaring that there is a need for the county or multicounty authority to exercise its powers in the city. ~~After a resolution is adopted, individual project approval is not required for a section 8 program.~~ A resolution is not required for the operation of a section 8 program.

Sec. 7. [REPEALER.]

*Laws 1990, chapter 494, section 1, subdivision 7, is repealed.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "section" and insert "sections"

Page 1, line 7, before the period, insert "; and 469.005, subdivision 1, as amended; Minnesota Statutes 1989 Supplement, sections 62A.316, as amended; 144A.071, subdivision 3, as amended; and 308A.621; repealing Laws 1990, chapter 494, section 1, subdivision 7"

And when so amended the bill do pass.

Mr. Luther moved the adoption of the foregoing Committee Report. The motion prevailed. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. No. 2629 was read the second time.

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. 2018, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2018: A bill for an act relating to lawful gambling; defining lawful purposes for expenditures of gambling profits; establishing licensing qualifications for organizations and manufacturers; requiring organizations to report monthly on expenditures and contributions of gambling profits; authorizing the gambling control board to require recipients of contributions of gambling profits to register with the board; authorizing summary suspension of gambling licenses for failure to file tax returns; authorizing a limited number of video pull-tab devices and establishing standards and requirements for them; requiring inspection and testing of gambling equipment; requiring permits for gambling premises; requiring gambling managers to be licensed; requiring that employees of organizations conducting lawful gambling be registered with the board; requiring local gambling

taxes and prescribing uses for revenue therefrom; appropriating money; amending Minnesota Statutes 1988, sections 349.12, subdivisions 10, 18, and by adding subdivisions; 349.16, as amended; 349.17, as amended; 349.18, as amended; 349.19, as amended; 349.211, by adding a subdivision; 349.212, subdivision 5; 349.2121, subdivisions 1 and 4a; 349.2123; 349.2125, subdivision 4; 349.2127, subdivisions 1, 3, and by adding subdivisions; 349.30, subdivision 2; 349.31; 349.32; 349.34; 349.35, subdivision 1; 349.36; 349.38; 349.39; 349.50, subdivision 8; 349.52, by adding a subdivision; 349.59, subdivision 1; 349.55; 609.75, subdivision 4; Minnesota Statutes 1989 Supplement, sections 299L.03, by adding a subdivision; 349.12, subdivisions 12 and 15; 349.151, subdivision 4, and by adding a subdivision; 349.152, subdivision 2, and by adding subdivisions; 349.161, as amended; 349.162; 349.163, as amended; 349.164; 349.2121, subdivision 2; 349.2122; 349.213; Minnesota Statutes Second 1989 Supplement, sections 349.12, subdivisions 11 and 19; 349.15; 349.212, subdivisions 1, 2, and 4; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and 5; 349.22, subdivision 1; 349.501, subdivision 1; 349.502, subdivision 1; 609.76, subdivision 1; Laws 1989, First Special Session chapter 1, article 13, section 27; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 1988, sections 349.14; 349.214, subdivisions 1, 1a, 3, and 4; Minnesota Statutes 1989 Supplement, sections 349.151, subdivision 4a; 349.20; 349.21; 349.22, subdivision 3; Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2.

Senate File No. 2018 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2618, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2618: A bill for an act relating to public administration; appropriating money or reducing appropriations 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; excepting notification of committee chairs on certain capital projects; establishing a community college at Cambridge; clarifying the duties and powers of the higher education coordinating board; authorizing tuition reciprocity agreements with contiguous Canadian provinces; establishing a state matching grant program to match private gifts to endowment funds; requiring administrative service plans for technical colleges under certain circumstances; changing permitted kinds of investments for the permanent university fund; permitting capital gains of the fund to be used to support endowed academic chairs; authorizing the purchase of a certain building by the state university board; requiring development of a consumer information system for occupational programs; regulating public post-secondary plans; requiring reports; adjusting contributions to state system retirement plans; amending Minnesota

Statutes 1988, sections 136.60; 136.602; 136C.05, by adding a subdivision; 137.022, subdivisions 1 and 3; 352.92, subdivision 2; 352B.02, subdivision 1c; 353.27, subdivision 3a; and 354.42, subdivision 5; Minnesota Statutes 1989 Supplement, sections 16B.335, subdivision 2; 136A.04; 136A.08; 352.04, subdivisions 2 and 3; and 354B.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 136A; repealing Minnesota Statutes 1988, section 353.27, subdivision 3.

Senate File No. 2618 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2158, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2158: A bill for an act relating to utilities; regulating flexible gas utility rates; repealing sunset provisions relating to flexible gas utility rates; appropriating money; amending Minnesota Statutes 1988, section 216B.163; and Laws 1987, chapter 371, section 4.

Senate File No. 2158 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1807, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1807: A bill for an act relating to local government; permitting the issuance of obligations by the Hennepin county board for a public safety building; permitting Rosemount to incur debt for an armory; requiring a planning process and public hearing.

Senate File No. 1807 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

### 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. 576: Ms. Piper, Messrs. Solon, Larson, Luther and Frederick.

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Messrs. Cohen; Moe, D.M.; Moe, R.D. and Benson introduced—

Senate Resolution No. 190: A Senate resolution recognizing playwright August Wilson for his contributions to American Theater and congratulating him on receiving his second Pulitzer Prize.

Referred to the Committee on Rules and Administration.

### 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. 2177 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2177

A bill for an act relating to traffic safety; providing for administrative impoundment of license plates of vehicles owned by repeat violators of laws relating to driving while intoxicated; providing for issuance of special plates; requiring peace officers to serve a notice of intent to impound when serving a notice of intent to revoke the violator's driver's license; providing for administrative and judicial review of impoundment orders; eliminating the alcohol problem screening for persons convicted of offenses associated with driving under the influence of alcohol or a controlled substance; modifying procedures for chemical use assessments, programs, and funding; changing the maximum rate for reimbursement of counties from the general fund for the assessments; expanding the crime of refusing to submit to an implied consent test; requiring notice of certain enhanced penalties; expanding the crime of aggravated driving while intoxicated; removing requirement that negligence be proven for conviction of criminal vehicular operation if driver's alcohol concentration was 0.10 or more; imposing penalties for criminal vehicular operation resulting in substantial bodily harm; prohibiting constructive possession of alcohol in a private motor vehicle; expanding the definition of possession; changing provisions about aircraft operation while under the influence of alcohol or controlled substances; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 168.041, subdivisions 3, 8, and 10; 169.121, by adding a subdivision; 169.122, subdivision 2; 169.124, subdivision 1; 169.126, subdivisions 1, 2, 6, and by adding a subdivision; 169.129; and

360.015, subdivisions 1 and 6; Minnesota Statutes 1989 Supplement, sections 169.041, subdivision 4; 169.121, subdivisions 1a, 3, and 3b; 169.126, subdivision 4; 260.193, subdivision 8; and 609.21; proposing coding for new law in Minnesota Statutes, chapters 168 and 360; repealing Minnesota Statutes 1988, sections 168.041, subdivision 3a; 169.124, subdivisions 2 and 3; 169.126, subdivisions 2, 3, and 4b; 360.075, subdivision 7; and 360.0751; Minnesota Statutes 1989 Supplement, sections 168.041, subdivision 4a; and 169.126, subdivision 4a.

April 24, 1990

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. 2177, 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. 2177 be further amended as follows:

Page 9, line 14, delete "7" and insert "8"

Page 13, after line 5, insert:

"Sec. 8. Minnesota Statutes 1988, section 260.151, subdivision 1, is amended to read:

Subdivision 1. Upon request of the court the county welfare board or probation officer shall investigate the personal and family history and environment of any minor coming within the jurisdiction of the court under section 260.111 and shall report its findings to the court. The court may order any minor coming within its jurisdiction to be examined by a duly qualified physician, psychiatrist, or psychologist appointed by the court.

*The court shall have a chemical use assessment conducted when a child is (1) found to be delinquent for violating a provision of chapter 152, or (2) alleged to be delinquent for violating a provision of chapter 152, if the child is being held in custody under a detention order. The assessor's qualifications and the assessment criteria shall comply with Minnesota Rules, parts 9530.6600 to 9530.6655. If funds under chapter 254B are to be used to pay for the recommended treatment, the assessment and placement must comply with all provisions of Minnesota Rules, parts 9530.6600 to 9530.6655, and parts 9530.7000 to 9530.7030. The commissioner of public safety shall reimburse the court for the cost of the chemical use assessment, up to a maximum of \$100.*

With the consent of the commissioner of corrections and agreement of the county to pay the costs thereof, the court may, by order, place a minor coming within its jurisdiction in an institution maintained by the commissioner for the detention, diagnosis, custody and treatment of persons adjudicated to be delinquent, in order that the condition of the minor be given due consideration in the disposition of the case. Adoption investigations shall be conducted in accordance with the laws relating to adoptions. Any funds received under the provisions of this subdivision shall not cancel until the end of the fiscal year immediately following the fiscal year in which the funds were received. The funds are available for use by the commissioner of corrections during that period and are hereby appropriated



annually to the commissioner of corrections as reimbursement of the costs of providing these services to the juvenile courts.”

Page 14, after line 31, insert:

“Sec. 11. [APPROPRIATION.]

*\$50,000 is appropriated from the general fund to the commissioner of public safety for chemical use assessments required under section 260.151, subdivision 1. The commissioner of public safety shall use the funds to reimburse juvenile courts for the cost of the assessments as provided in section 260.151, subdivision 1.”*

Renumber the sections in article 2 in sequence

Page 19, line 3, delete “OPEN BOTTLE LAW” and insert “OTHER ALCOHOL-RELATED OFFENSES”

Page 19, after line 18, insert:

“Sec. 2. Minnesota Statutes 1988, section 340A.503, subdivision 1, is amended to read:

Subdivision 1. [CONSUMPTION.] It is unlawful for any:

(1) retail intoxicating liquor or nonintoxicating liquor licensee or bottle club permit holder under section 340A.414, to permit any person under the age of 21 years to consume alcoholic beverages on the licensed premises; or

(2) person under the age of 21 years to consume any alcoholic beverages ~~unless in the household of the person's parent or guardian and with the consent of the parent or guardian.~~ *If proven by a preponderance of the evidence, it is an affirmative defense to a violation of this clause that the defendant consumed the alcoholic beverage in the household of the defendant's parent or guardian and with the consent of the parent or guardian.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 340A.503, subdivision 2, is amended to read:

Subd. 2. [PURCHASING.] It is unlawful for any person:

(1) to sell, barter, furnish, or give alcoholic beverages to a person under 21 years of age; ~~except that a parent or guardian of a person under the age of 21 years may give or furnish alcoholic beverages to that person solely for consumption in the household of the parent or guardian;~~

(2) under the age of 21 years to purchase or attempt to purchase any alcoholic beverage; or

(3) to induce a person under the age of 21 years to purchase or procure any alcoholic beverage, or to lend or knowingly permit the use of the person's driver's license, permit, Minnesota identification card, or other form of identification by a person under the age of 21 years for the purpose of purchasing or attempting to purchase an alcoholic beverage.

*If proven by a preponderance of the evidence, it shall be an affirmative defense to a violation of clause (1) that the defendant is the parent or guardian of the person under 21 years of age and that the defendant gave or furnished the alcoholic beverage to that person solely for consumption in the defendant's household.*

Sec. 4. Minnesota Statutes 1988, section 340A.503, subdivision 3, is

amended to read:

Subd. 3. [POSSESSION.] It is unlawful for a person under the age of 21 years to possess any alcoholic beverage with the intent to consume it at a place other than the household of the person's parent or guardian. Possession at a place other than the household of the parent or guardian is *prima facie* evidence creates a rebuttable presumption of intent to consume it at a place other than the household of the parent or guardian. *This presumption may be rebutted by a preponderance of the evidence.*"

Page 19, line 19, delete "2" and insert "5"

Page 19, delete line 20, and insert "Sections 1 to 4 are effective August 1, 1990, and apply to"

Page 30, after line 25, insert:

#### "ARTICLE 7

#### CONTROLLED SUBSTANCES OFFENSES

Section 1. Minnesota Statutes 1989 Supplement, section 152.021, is amended to read:

152.021 [CONTROLLED SUBSTANCE CRIME IN THE FIRST DEGREE.]

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the first degree if:

(1) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures ~~containing ten grams or more of a total weight of ten grams or more containing cocaine base;~~

(2) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 50 grams or more containing a narcotic drug;

(3) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 50 grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 200 or more dosage units; or

(4) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ~~400~~ 50 kilograms or more containing marijuana or Tetrahydrocannabinols.

Subd. 2. [POSSESSION CRIMES.] A person is guilty of a controlled substance crime in the first degree if:

(1) the person unlawfully possesses one or more mixtures ~~containing 25 grams or more of a total weight of 25 grams or more containing cocaine base;~~

(2) the person unlawfully possesses one or more mixtures of a total weight of 500 grams or more containing a narcotic drug;

(3) the person unlawfully possesses one or more mixtures of a total weight of 500 grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 500 or more dosage units; or

(4) the person unlawfully possesses one or more mixtures of a total

weight of 100 kilograms or more containing marijuana or Tetrahydrocannabinols.

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 30 years or to payment of a fine of not more than \$1,000,000, or both.

(b) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be sentenced to imprisonment for not less than four years nor more than 40 years or to payment of a fine of not more than \$1,000,000, or both.

(c) *In a prosecution under subdivision 1 involving sales by the same person in two or more counties within a 90-day period, the person may be prosecuted for all of the sales in any county in which one of the sales occurred.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 152.022, is amended to read:

152.022 [CONTROLLED SUBSTANCE CRIME IN THE SECOND DEGREE.]

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the second degree if:

(1) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures ~~containing three grams or more of a total weight or three grams or more containing~~ cocaine base;

(2) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing a narcotic drug;

(3) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 50 or more dosage units;

(4) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ~~50~~ 25 kilograms or more containing marijuana or Tetrahydrocannabinols; ~~or~~

(5) the person unlawfully sells any amount of a schedule I or II narcotic drug; ~~and:~~

(i) ~~the person unlawfully sells the substance to a person under the age of 18, or conspires with or employs a person under the age of 18 to unlawfully sell the substance; or~~

(ii) ~~the sale occurred in a school zone or a park zone.~~

(6) *the person unlawfully sells any amount of a schedule I or II narcotic drug in a school zone or a park zone.*

Subd. 2. [POSSESSION CRIMES.] A person is guilty of controlled substance crime in the second degree if:

(1) the person unlawfully possesses one or more mixtures ~~containing six grams or more of a total weight of six grams or more containing~~ cocaine base;

(2) the person unlawfully possesses one or more mixtures of a total weight of 50 grams or more containing a narcotic drug;

(3) the person unlawfully possesses one or more mixtures of a total weight of 50 grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 100 or more dosage units; or

(4) the person unlawfully possesses one or more mixtures of a total weight of 50 kilograms or more containing marijuana or Tetrahydrocannabinols.

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 25 years or to payment of a fine of not more than \$500,000, or both.

(b) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be sentenced to imprisonment for not less than three years nor more than 40 years or to payment of a fine of not more than \$500,000, or both.

(c) *In a prosecution under subdivision 1 involving sales by the same person in two or more counties within a 90-day period, the person may be prosecuted for all of the sales in any county in which one of the sales occurred.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 152.023, subdivision 1, is amended to read:

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the third degree if:

(1) the person unlawfully sells one or more mixtures containing a narcotic drug;

(2) the person unlawfully sells one or more mixtures containing phencyclidine or hallucinogen, it is packaged in dosage units, and equals ten or more dosage units;

(3) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule I, II, or III, except a schedule I or II narcotic drug, ~~marijuana or Tetrahydrocannabinols~~, to a person under the age of 18; or

(4) the person conspires with or employs a person under the age of 18 to unlawfully sell one or more mixtures containing a controlled substance listed in schedule I, II, or III, except a schedule I or II narcotic drug; ~~marijuana or Tetrahydrocannabinols~~; or

(5) *the person unlawfully sells one or more mixtures of a total weight of five kilograms or more containing marijuana or Tetrahydrocannabinols.*

Sec. 4. Minnesota Statutes 1989 Supplement, section 152.023, subdivision 2, is amended to read:

Subd. 2. [POSSESSION CRIMES.] A person is guilty of controlled substance crime in the third degree if:

(1) the person unlawfully possesses one or more mixtures ~~containing three grams or more~~ of a total weight of three grams or more containing cocaine base;

(2) the person unlawfully possesses one or more mixtures of a total

weight of ten grams or more containing a narcotic drug;

(3) the person unlawfully possesses one or more mixtures containing a narcotic drug with the intent to sell it;

(4) the person unlawfully possesses one or more mixtures containing a narcotic drug, it is packaged in dosage units, and equals 50 or more dosage units; or

(5) the person unlawfully possesses any amount of a schedule I or II narcotic drug in a school zone or a park zone; or

(6) *the person unlawfully possesses one or more mixtures of a total weight of ten kilograms or more containing marijuana or Tetrahydrocannabinols.*

Sec. 5. Minnesota Statutes 1989 Supplement, section 152.024, subdivision 1, is amended to read:

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the fourth degree if:

(1) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule I, II, or III, except marijuana or Tetrahydrocannabinols;

(2) ~~the person unlawfully sells one or more mixtures containing marijuana or Tetrahydrocannabinols to a person under the age of 18;~~

(3) ~~the person conspires with or employs a person under the age of 18 to unlawfully sell one or more mixtures containing marijuana or Tetrahydrocannabinols;~~

(4) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule IV or V to a person under the age of 18; or

~~(5) (3) the person conspires with or employs a person under the age of 18 to unlawfully sell a controlled substance classified in schedule IV or V.~~

Sec. 6. Minnesota Statutes 1989 Supplement, section 152.025, subdivision 2, is amended to read:

Subd. 2. [POSSESSION AND OTHER CRIMES.] A person is guilty of controlled substance crime in the fifth degree if:

(1) the person unlawfully possesses one or more mixtures containing a controlled substance classified in schedule I, II, III, or IV, except a small amount of marijuana; or

(2) *the person unlawfully possesses one or more mixtures containing marijuana or Tetrahydrocannabinols with the intent to sell it, except a small amount of marijuana for no remuneration; or*

(3) the person procures, attempts to procure, possesses, or has control over a controlled substance by any of the following means:

(i) fraud, deceit, misrepresentation, or subterfuge;

(ii) using a false name or giving false credit; or

(iii) falsely assuming the title of, or falsely representing any person to be, a manufacturer, wholesaler, pharmacist, physician, doctor of osteopathy licensed to practice medicine, dentist, podiatrist, veterinarian, or other

authorized person for the purpose of obtaining a controlled substance.

**Sec. 7. [152.0261] [IMPORTING CONTROLLED SUBSTANCES ACROSS STATE BORDERS.]**

*Subdivision 1. [FELONY.] A person who crosses a state or international border into Minnesota while in possession of an amount of a controlled substance that constitutes a first degree controlled substance crime under section 152.021, subdivision 2, is guilty of importing controlled substances and may be sentenced as provided in subdivision 3.*

*Subd. 2. [JURISDICTION.] A violation of subdivision 1 may be charged, indicted, and tried in any county, but not more than one county, into or through which the actor has brought the controlled substance.*

*Subd. 3. [PENALTY.] A person convicted of violating this section is guilty of a felony and may be sentenced to imprisonment for not more than 35 years or to payment of a fine of not more than \$1,250,000, or both.*

Sec. 8. Minnesota Statutes 1989 Supplement, section 152.028, subdivision 2, is amended to read:

Subd. 2. [PASSENGER AUTOMOBILES.] The presence of a controlled substance in a passenger automobile permits the factfinder to infer knowing possession of the controlled substance by the driver or person in control of the automobile when the controlled substance was in the automobile. This inference may only be made if the defendant is charged with violating section 152.021, 152.022, or 152.023, or section 7. The inference does not apply:

(1) to a duly licensed operator of an automobile who is at the time operating it for hire in the lawful and proper pursuit of the operator's trade;

(2) to any person in the automobile if one of them legally possesses a controlled substance; or

(3) when the controlled substance is concealed on the person of one of the occupants.

**Sec. 9. [EFFECTIVE DATE.]**

*Sections 1 to 8 are effective August 1, 1990, and apply to crimes committed on or after that date.*

## ARTICLE 8

### PRESENTENCE INVESTIGATIONS

Section 1. Minnesota Statutes 1989 Supplement, section 609.115, subdivision 1, is amended to read:

Subdivision 1. [PRESENTENCE INVESTIGATION.] When a defendant has been convicted of a misdemeanor or gross misdemeanor, the court may, and when the defendant has been convicted of a felony, the court shall, before sentence is imposed, cause a presentence investigation and written report to be made to the court concerning the defendant's individual characteristics, circumstances, needs, potentialities, criminal record and social history, the circumstances of the offense and the harm caused by it to others and to the community. At the request of the prosecutor in a gross misdemeanor case, the court shall order that a presentence investigation and report be prepared. When the crime is a felony violation of chapter 152 involving the sale or distribution of a controlled substance, the report shall

include a description of any adverse social or economic effects the offense has had on persons who reside in the neighborhood where the offense was committed.

The report shall also include the information relating to crime victims required under section 611A.037, subdivision 1. If the court directs, the report shall include an estimate of the prospects of the defendant's rehabilitation and recommendations as to the sentence which should be imposed. In misdemeanor cases the report may be oral.

When a defendant has been convicted of a felony, and before sentencing, the court shall cause a sentencing worksheet to be completed to facilitate the application of the Minnesota sentencing guidelines. The worksheet shall be submitted as part of the presentence investigation report.

The investigation shall be made by a probation officer of the court, if there is one, otherwise by the commissioner of corrections. The officer conducting the presentence or predispositional investigation shall make reasonable and good faith efforts to contact the victim of that crime and to provide that victim with the information required under section 611A.037, subdivision 2.

~~Pending the presentence investigation and report, When a person is convicted of a felony for which the sentencing guidelines presume that the defendant will be committed to the commissioner of corrections under an executed sentence and no motion for a sentencing departure has been made by counsel, the court with the consent of the commissioner may commit the defendant to the custody of the commissioner of corrections who, pending completion of the presentence investigation and report. When a defendant is convicted of a felony for which the sentencing guidelines do not presume that the defendant will be committed to the commissioner of corrections, or for which the sentencing guidelines presume commitment to the commissioner but counsel has moved for a sentencing departure, the court may commit the defendant to the commissioner with the consent of the commissioner, pending completion of the presentence investigation and report. The commissioner shall return the defendant to the court when the court so orders.~~

Presentence investigations shall be conducted and summary hearings held upon reports and upon the sentence to be imposed upon the defendant in accordance with this section, section 244.10, and the rules of criminal procedure."

Amend the title as follows:

Page 1, line 2, delete "traffic safety" and insert "crimes"

Page 1, line 27, after the semicolon, insert "clarifying the elements of certain liquor law violations;"

Page 1, line 29, after the first semicolon, insert "increasing penalties for certain controlled substance offenses; providing for transfer of certain convicted felons to prison pending completion of the presentence investigation;"

Page 1, line 34, before the second "and" insert "260.151, subdivision 1; 340A.503, subdivisions 1 and 3;"

Page 1, line 36, after "sections" insert "152.021; 152.022; 152.023, subdivisions 1 and 2; 152.024, subdivision 1; 152.025, subdivision 2;

152.028, subdivision 2;”

Page 1, line 37, after the first semicolon insert “169.123, subdivision 5c;”

Page 1, line 38, before “and” insert “340A.503, subdivision 2; 609.115, subdivision 1;”

Page 1, line 39, after “chapters” insert “152;”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Allan H. Spear, John J. Marty

House Conferees: (Signed) Ann H. Rest, Randy C. Kelly, Doug Swenson

Mr. Spear moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2177 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. McGowan moved that the recommendations and Conference Committee Report on S.F. No. 2177 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

### CALL OF THE SENATE

Mr. Spear imposed a call of the Senate for the balance of the proceedings on S.F. No. 2177. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. McGowan.

The roll was called, and there were yeas 32 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Gustafson	Lessard	Ramstad
Beckman	Dahl	Johnson, D.E.	McGowan	Renneke
Belanger	Davis	Knaak	McQuaid	Storm
Benson	Decker	Knutson	Merriam	Vickerman
Berg	Frank	Kroening	Olson	
Bernhagen	Frederick	Laidig	Pariseau	
Bertram	Frederickson, D.R.	Larson	Piepho	

Those who voted in the negative were:

Adkins	Frederickson, D.J.	Marty	Peterson, R.W.	Solon
Berglin	Freeman	Metzen	Piper	Spear
Brandl	Hughes	Moe, D.M.	Pogemiller	Stumpf
Cohen	Johnson, D.J.	Moe, R.D.	Purfeerst	Waldorf
DeCramer	Langseth	Morse	Reichgott	
Dicklich	Lantry	Novak	Samuelson	
Flynn	Luther	Pehler	Schmitz	

The motion did not prevail.

The question recurred on the motion of Mr. Spear. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2177 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:



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

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

### NOTICE OF RECONSIDERATION

Mr. Benson gave notice of intention to move for reconsideration of S.F. No. 2177.

### RECONSIDERATION

Mr. Pehler moved that the vote whereby S.F. No. 2177 was passed by the Senate on April 24, 1990, be now reconsidered. The motion did not prevail.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Kroening moved that H.F. No. 2419 and the Conference Committee Report thereon be taken from the table. The motion prevailed.

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2419

A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; consolidating certain funds and accounts and making conforming changes; changing the organization, operation, financing, and management of certain courts and related offices; amending Minnesota Statutes 1988, sections 2.722, subdivision 1; 3C.035, subdivision 3; 3C.11, subdivision 2; 5.13; 11A.07, subdivision 5; 14.07, subdivisions 1 and 2; 14.08; 14.26; 14.53; 15.054; 15.06, subdivision 1; 15.51; 15.52, subdivisions 2 and 3; 15.53, subdivision 1; 15.56, subdivision 5; 15.59; 16A.10, by adding a subdivision; 16A.127, subdivisions 3 and 8; 16B.24, subdivision 5, and by adding subdivisions; 16B.28, subdivision 2; 16B.48, subdivisions 4 and 5; 16B.51, subdivision 2; 16B.53, subdivision 3; 16B.85, subdivisions 2, 3, and 5; 17.102, subdivision 4; 40A.08; 40A.151; 40A.152, subdivision 3; 40A.16; 41A.04, subdivision 1; 41A.05, subdivision 2; 41A.051; 41A.066, subdivision 1; 62D.122; 62J.02, subdivisions 2 and 3; 84.027, by adding a subdivision; 84.154, subdivision 5; 84.943; 84A.53; 84A.54; 89.37, subdivision 4; 89.58; 97A.065, subdivision 2; 97C.001, subdivision 1; 105.485, subdivision 3; 110B.04, subdivision 7; 110B.08, subdivision 5; 115.103, subdivision 1; 115A.072, subdivision 1; 115A.15, subdivision 6;

116.36, subdivision 1; 116.65, subdivision 3; 116C.03, subdivisions 4 and 5; 116C.712, subdivisions 3 and 5; 116D.04, subdivisions 5a and 10; 116D.045, subdivision 3; 116J.971, by adding a subdivision; 116J.980; 116L.03, by adding a subdivision; 116P.11; 126.115, subdivision 3; 144.226, subdivision 3; 144.70, subdivision 2; 144.8093, subdivisions 2, 3, and 4; 144A.071, subdivision 5; 144A.31, subdivision 1; 144A.33, subdivision 4; 145A.02, subdivision 16; 145A.09, subdivision 6; 157.045; 169.126, subdivision 4b; 171.06, subdivision 2a; 176B.02; 176B.04; 181.953; 183.545, subdivision 9; 184.33, subdivision 1, and by adding a subdivision; 184.35; 190.08, by adding a subdivision; 192.85; 196.054, subdivision 2; 197.23, subdivision 2; 201.023; 204B.14, subdivision 5; 214.141; 240A.02, subdivisions 1 and 3; 240A.03, subdivision 13, and by adding a subdivision; 243.48, subdivision 1; 268.026, subdivision 2; 268.361, subdivision 3; 268.677, subdivision 2; 268.681, subdivision 3; 270.68, subdivision 1; 272.38, subdivision 1; 282.014; 296.06, subdivision 2; 296.12, subdivisions 1 and 2; 296.17, subdivisions 10 and 17; 297.03, subdivision 5a; 299D.03, subdivision 5; 326.37; 326.47, subdivision 3; 326.52; 326.75, subdivision 4; 349.22, subdivision 2; 349.36; 349.52, subdivision 3; 352.92, subdivision 2; 352B.02, subdivision 1c; 353D.01, subdivision 2; 354.42, subdivision 5; 363.073, by adding a subdivision; 368.01, subdivision 1a; 402.045; 462.384, subdivision 7; 477A.014, subdivision 4; 480A.01, subdivision 3; 481.14; 484.54, subdivision 1; 484.545, subdivision 1; 484.68, subdivision 2, and by adding a subdivision; 484.70, subdivision 1; 485.03; 486.01; 487.32, subdivisions 2 and 3; 487.33, by adding a subdivision; 611.20; 611.215, subdivision 1; 611.26, subdivision 3; 611.27; 611.271; 629.292, subdivision 1; Minnesota Statutes 1989 Supplement, sections 3.30, subdivisions 1 and 2; 5.18; 15A.081, subdivision 1; 16A.11, subdivision 3; 16A.133, subdivision 1; 16B.24, subdivision 6; 16B.28, subdivision 3; 16B.465, subdivision 1; 16B.48, subdivision 2; 17.49, subdivision 1; 18.0225; 41A.05, subdivision 1; 43A.02, subdivision 25; 43A.24, subdivision 2, and by adding a subdivision; 84A.51, subdivision 2; 85.205; 89.035; 89.036; 97A.475, subdivision 2; 103H.101, subdivision 4; 103H.175; 105.41, subdivision 5a; 115A.54, subdivision 2a; 115A.923, subdivision 2; 116.85; 116C.03, subdivision 2; 116J.01, subdivision 3; 116J.58, subdivision 1; 116J.617, subdivision 5; 116J.955, subdivision 1; 116J.9673, subdivision 4; 116J.971, subdivisions 6, 7, and 8; 116L.03, subdivision 2; 129B.13, subdivisions 2, 3, 8, 9, 10, 12, 14, 15, and 16; 144.861; 145.926, subdivisions 1, 4, 5, 7, and 8; 169.686, subdivision 3; 176.135, subdivision 1; 183.357, subdivision 4; 190.25, subdivision 3; 216D.08, subdivision 3; 245.4873, subdivision 2; 245.697, subdivision 2a; 246.18, subdivision 3a; 256H.25, subdivision 1; 270.06; 270.064; 299A.30, subdivision 2; 299A.31, subdivision 1; 299A.40, subdivision 4; 299E.641, subdivision 8; 299J.12, subdivision 1; 336.9-413; 352.04, subdivisions 2 and 3; 357.021, subdivision 2; 357.022; 357.08; 363.073, subdivision 1; 466A.05, subdivision 1; 469.203, subdivisions 4 and 5; 469.204, subdivision 2; 469.205, by adding a subdivision; 469.207; 473.156, subdivision 1; 480.242; 484.68, subdivision 5; 485.018, subdivision 5; 486.05, subdivisions 1 and 1a; 486.06; 487.31, subdivision 1; 504.34, subdivisions 5 and 6; 611.215, by adding a subdivision; and 611.26, subdivision 2; Minnesota Statutes Second 1989 Supplement, sections 3.885, subdivisions 3, 5, and 6; 275.14; 275.51, subdivision 6; 297A.44, subdivision 1; 357.021, subdivision 1a; 373.40, subdivision 1; 477A.011, subdivisions 3 and 3a; 477A.012, subdivision 4; Laws 1987, chapter 404, section 192, subdivision 2; Laws 1988, chapters 648, section 3; and 686, article 1, section 52; Laws 1989, chapter 335, article 1, sections 4, 36, and 42, subdivision 2; article 3, sections

38; and 58, as amended; and article 4, section 107; Laws 1989, First Special Session chapter 1, article 24, section 2; proposing coding for new law in Minnesota Statutes, chapters 4, 6, 15, 16A, 16B, 43A, 88, 116, 116J, 240A, 268, 462A, and 484; proposing coding for new law as Minnesota Statutes, chapter 484A; repealing Minnesota Statutes 1988, sections 3C.056; 14.32, subdivision 2; 40A.02, subdivision 2; 84A.51, subdivision 1; 85.30; 116E.01; 116E.02; 116E.04; 116J.971, subdivisions 1, 2, 4, 5, and 10; 116K.01 to 116K.03; 116K.04, as amended; 116K.05 to 116K.13; 116N.01; 116N.02, as amended; 116N.03 to 116N.07; 116N.08, as amended; 184.34; 268.681, subdivision 4; 299J.18; 326.82; 480.252; 480.254; 484.55; 485.018, subdivision 2a; 486.07; 487.10, subdivisions 2 and 4; and 487.13; Minnesota Statutes 1989 Supplement, sections 3C.035, subdivision 2; 8.15; 97B.301, subdivision 5; 116E.03; 116E.035; 116J.970; 116J.971, subdivisions 3 and 9; 116K.14; 116O.03, subdivision 2a; 357.021, subdivision 2a; 469.203, subdivision 5; 480.241; 480.242, subdivision 4, as amended; 480.256; and 484.545, subdivisions 2 and 3; Laws 1988, chapter 686, article 1, section 3, paragraph (c); Laws 1989, chapter 303, section 10; Minnesota Rules, part 4410.3800, subparts 1 and 3.

April 24, 1990

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. 2419, 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. 2419 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

STATE DEPARTMENTS

Section 1. [STATE DEPARTMENTS; APPROPRIATIONS.]

The sums shown in the columns marked “APPROPRIATIONS” are added to, or if shown in parentheses, are subtracted from the appropriations in Laws 1989, chapter 335, to the specified agencies and for the purposes specified in this act. The figures “1990” and “1991,” where used in this act, mean that the appropriations or reductions listed under them are available for the year ending June 30, 1990, or June 30, 1991, respectively.

SUMMARY BY FUND

	1990	1991	TOTAL
General	\$( 1,183,000)	\$(15,751,000)	\$(16,934,000)
Special Revenue	100,000	( 1,149,000)	( 1,049,000)
Minnesota Resources		( 72,000)	( 72,000)
Game and Fish		150,000	150,000
Natural Resources	30,000	1,030,000	1,060,000
Environmental		150,000	150,000

Trunk Highway Fund	( 1,864,000)	( 1,864,000)
TOTAL	\$( 1,053,000)	\$(17,506,000) \$(18,559,000)

APPROPRIATIONS  
Available for the Year  
Ending June 30

1990                      1991

Sec. 2. LEGISLATURE

Subdivision 1. Senate (440,000)

Subd. 2. House of Representatives (560,000)

Subd. 3. Legislative Coordinating Commission (62,000)

(a) Legislative auditor (71,000)

(b) This appropriation is to the revisor of statutes for costs associated with additional printing of special session and supplemental statutes and expansion of the computer room. 105,000 85,000

(c) This appropriation and the amount appropriated by Laws 1989, chapter 335, article 1, section 2, subdivision 4, paragraph (k), for the subcommittee on redistricting are available until June 30, 1993. 300,000

(d) The legislative coordinating commission shall use funds in the commission's contingent account for litigation expenses to affirm constitutional budgetary processes.

Sec. 3. SUPREME COURT

(a) This appropriation is to the state court administrator and is a one-time grant to match a federal Department of Justice grant to train judges in the extent of drug use and drug laws. This appropriation is contingent on the court receiving the federal grant. 5,000

(b) This appropriation is to the state court administrator and is a one-time grant to match a federal Department of Justice grant for development and implementation of court case management strategies. This appropriation is contingent on the court receiving the federal grant. 57,000

(c) General Reduction (199,000)

(d) The supreme court is requested to review its judicial work guidelines in the light of increasing demands on judges' time and the lack of state resources for additional judges beyond those currently funded. This should

include review of guidelines for the accumulation of annual leave not taken.

Sec. 4. COURT OF APPEALS (45,000)

Sec. 5. TRIAL COURTS

(a) The legislature intends to appropriate at its 1991 regular session the money necessary to continue the eighth district pilot project until December 31, 1991.

(b) The legislature intends to evaluate the eighth district pilot project during the 1991 regular session and decide at that time whether to continue the state takeover of trial court costs in the eighth district and whether to proceed to take over further trial court costs in other judicial districts.

(c) This appropriation is to Scott county for deposit in the county general fund for expenses incurred. 67,000

Sec. 6. JUDICIAL STANDARDS BOARD (3,000)

Sec. 7. BOARD OF PUBLIC DEFENSE (100,000)

Sec. 8. GOVERNOR AND LIEUTENANT GOVERNOR (130,000)

Sec. 9. SECRETARY OF STATE (31,000)

Sec. 10. STATE TREASURER (57,000)

Sec. 11. STATE AUDITOR (12,000)

Sec. 12. ATTORNEY GENERAL (274,000)

This appropriation is for prosecution of lawful gambling cases. 70,000

Sec. 13. ADMINISTRATION

(a) General Reduction (344,000)

(b) For legal fees incurred by use of private counsel for an asbestos removal lawsuit from which the state shall receive \$400,000 in settlement fees. 133,000

(c) To Minnesota Public Radio for ongoing construction at the Duluth station. 30,000

(d) \$900,000 shall be loaned from the computer services revolving fund for a period not to exceed five years to the STARS revolving fund to be used for STARS planning. The state-operated lottery and the STARS project shall jointly assess the feasibility and long-term benefits of using the STARS network to meet the telecommunications needs of the state-operated lottery. The progress of the assessment shall be

reported to the chairs of the house appropriations committee and the senate finance committee by June 1, 1990, and December 31, 1990.

(e) The commissioner of administration shall study and report to the legislature by January 15, 1991, on various incentives that might be provided to state managers to reduce spending while still accomplishing program objectives.

Sec. 14. STATE BOARD OF INVESTMENT (34,000)

Sec. 15. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD (13,000)

Sec. 16. FINANCE (245,000)

(a) The position of deputy commissioner of finance is abolished.

(b) The commissioner shall reduce the budget base for the agency by five percent as part of the 1992-1993 biennial budget and present a plan for implementation of that reduction as part of the budget document submitted in January 1991.

Sec. 17. EMPLOYEE RELATIONS (192,000)

The commissioner may spend up to \$300,000 and add four positions from the public employees insurance trust fund.

Sec. 18. REVENUE

(a) General Reduction (618,000) (932,000)

(b) The department shall develop and report to the legislature a method of accurately accounting for sales tax receipts from solid waste collection and disposal services.

(c) Gambling Regulation 50,000 350,000

Five investigators and two support staff are added to the department of revenue criminal division. The investigators shall be in the unclassified service. Up to two investigator positions may be auditors. The commissioner shall give a priority within the division to cases that involve violations of the laws governing lawful gambling and shall provide the criminal division with the support resources necessary to carry out its responsibilities. Notwithstanding any law to the contrary, the criminal investigation unit shall use its existing authority to investigate any potential criminal activity related

to lawful gambling. Upon completion of the investigations, the division may refer them to the attorney general for prosecution. The commissioner of revenue shall report to the legislature no later than January 31, 1992, on the results of the division's investigations.

(d) On July 1, 1990, the commissioner of finance shall transfer \$60,000 from the heat applied cigarette tax stamp revolving account to the general fund.

Sec. 19. TAX COURT (9,000)

Sec. 20. NATURAL RESOURCES

(a) General Reduction (1,263,000)

(b) Minerals diversification activity (200,000)

(c) Beaver dam control program (100,000)

(d) This appropriation is for a grant to the forest resource center for a shiitake mushroom demonstration project. This grant is contingent upon receipt of matching funds at least equal to the amount of the grant. 138,000

(e) Mississippi Headwaters Board 50,000

\$10,000 of this amount is for payment to the Leech Lake Band of Chippewa Indians to implement their portion of the comprehensive plan for the upper Mississippi.

(f) For a tree planting for carbon dioxide absorption study. 25,000

(g) By January 1, 1991, the commissioner of natural resources and the commissioner of the pollution control agency, in consultation with representatives of industry that may be affected by a surcharge on carbon dioxide emissions, and representatives of the forestry and environmental communities, shall prepare a report on the use of a surcharge on carbon dioxide emissions. The report shall:

(1) consider an appropriate fee on mechanized sources of carbon dioxide emissions, including motor vehicle and permitted facilities in the air emission inventory of the pollution control agency;

(2) recommend methods of encouraging tree and perennial shrubs and vines planting to be implemented in lieu of payment of part or all of a surcharge;

and

(3) include a planting plan for carbon dioxide absorption that identifies the proper mix of species for adequate absorption, the proper placement of trees for energy efficiency and conservation, the areas of the state most effective for proper tree planting, the adequate production of state nursery stock, the available procurement of private nursery stock, a range of costs to plant adequate species that absorb carbon dioxide, and the current and prospective distribution system to allow adequate species to be planted.

(h) The commissioners of the pollution control agency and the department of natural resources may solicit and accept money from nonstate sources to accomplish the responsibilities in paragraph (g). Donations received to complete the study must be deposited in the state treasury and credited to a separate account. The money in the account received for the purposes of the study is appropriated to the commissioner of natural resources.

(i) This appropriation is from the snowmobile account for snowmobile grants-in-aid. 500,000

(j) This appropriation is from the non-game wildlife account and is to be used for administrative costs associated with implementation of the corporate non-game check-off. Eurasian water milfoil control projects shall be eligible to receive corporate nongame wildlife funding in preparing the 1992-1993 biennial budget requests. 100,000

(k) This appropriation is from the game and fish fund for repair of the French River Hatchery Dam. 150,000

(l) This appropriation is from the all-terrain vehicle account and is to be used as grants-in-aid for trail maintenance on multiple use trails. Grants are to be issued to counties with all-terrain vehicle organizations and snowmobile organizations that have entered into multiple use agreements for trails that currently qualify for snowmobile grants-in-aid trails under Minnesota Statutes, section 84.83. 500,000



(m) Any unencumbered balance remaining in the appropriation for acquisition of Grand Portage state park in Laws 1989, chapter 259, section 9, subdivision 1, may be transferred to the appropriation in Laws 1989, chapter 259, section 9, subdivision 2, for acquisition in Sibley state park following completion of the Grand Portage acquisition.

(n) Notwithstanding any other law to the contrary, no political subdivision shall condemn or remove any bridges on the Blue Ox Trail in Beltrami county that have not first been declared unsafe by the Minnesota department of transportation.

#### Sec. 21. ZOOLOGICAL BOARD

(a) General Reduction	(101,000)
(b) Coral Reef Shark Exhibit	100,000
The complement of the zoo is increased by 2 positions.	
(c) Dinosaurs Alive Exhibit	130,000

#### Sec. 22. POLLUTION CONTROL AGENCY

(a) This reduction is from the money appropriated from the general fund in Laws 1989, chapter 335, article 1, section 23, subdivision 4, for transfer to the environmental response compensation and compliance fund is reduced.	(1,500,000)
(b) General Reduction	(213,000)
(c) This appropriation is for distribution as grants through the individual on-site treatment program under Minnesota Statutes, section 116.18, subdivision 3c.	250,000
(d) This appropriation is from the environmental fund for the site response property transfer program.	80,000
(e) Resource Recovery Operator Training	70,000
This appropriation is from the environmental fund and is to be transferred to the jobs skills partnership program.	
(f) The agency's federal fund complement is reduced by three and the special revenue complement is increased by three to reflect a change in the method used to account for federal indirect costs.	

**Sec. 23. OFFICE OF WASTE MANAGEMENT**

- |  |           |             |
|--|-----------|-------------|
| (a) General Reduction  | (200,000) | (414,000)   |
| (b) This reduction is from the SCORE grants to counties identified in Laws 1989, First Special Session chapter 1, article 24, section 2.   |           | (1,234,000) |
| (c) This appropriation is for the capital assistance program. The agency's authorized complement is increased by seven positions for administration of the capital assistance program.   |           | 285,000     |
| (d) Notwithstanding any other law to the contrary, any outstanding obligations that may be held in St. Louis county for grants issued to the county for construction or operation of the Babbitt waste tire facility under Minnesota Statutes 1986, section 116M.07; Minnesota Statutes, section 115A.54, subdivision 2a; or 298.22, shall be suspended until June 30, 1993. |           |             |

**Sec. 24. TRADE AND ECONOMIC DEVELOPMENT**

**Subdivision 1. Agency Supplemental Appropriations**

- |   |  |         |
|---|--|---------|
| (a) \$500,000 of the unobligated balance in the agricultural and economic development account established in Minnesota Statutes, section 41A.05, subdivision 1, is transferred to the capital access account in the special revenue fund created in Minnesota Statutes, section 116J.876, subdivision 4, for guaranteeing loans under the capital access program. Any remaining balance shall cancel to the general fund. |  |         |
| (b) For the job skills partnership for aviation training. This amount is not subject to the grant limits under Minnesota Statutes, section 116L.04. This portion of the appropriation does not cancel and is available until expended.  |  | 500,000 |
| (c) For the Minnesota trade office for awarding grants to nonprofit organizations to support cultural and educational exchange programs that may lead to long-term trading relations. Grants must be matched with at least \$3 of nonpublic funds for every dollar of state grant funds awarded under this provision.   |  | 50,000  |

- (d) For a grant to the region 1 development commission for international trade and promotion activities. The commission must cooperate with similar organizations in North Dakota and Manitoba. 30,000
- (e) For the purposes of planning, engineering, and acquisition of a public facilities project in a tourism-intensive area. 110,000
- (f) Minnesota Council for Quality 50,000
- (g) For administration of Celebrate 1990. 50,000
- (h) Of the amount appropriated for operation and maintenance of the regional park system in fiscal year 1991, \$120,000 is for construction of four floating fishing piers on the Mississippi river, two within the boundaries of cities of the first class, and two outside the boundaries of cities of the first class.
- (i) Notwithstanding any law to the contrary, the city of St. Paul shall use all revenue derived from its clawback funding of sewer financing only for sewer separation projects that directly result in the elimination of combined sewer overflow.

Subd. 2. Agency Reductions

- (a) General Reduction (1,040,000)
- (b) The complement of the department is reduced by seven positions.
- (c) This amount is reduced for the loan to the city of St. Paul for restoration of Union Depot. During the 1992-1993 biennium \$500,000 is appropriated to the city of St. Paul for restoration of the Union Depot. This funding is contingent on the city of St. Paul having a plan for the restoration of the depot and raising \$2,000,000 from nonstate sources. (500,000)
- (d) For a reduction from the trade office travel budget. (50,000)
- (e) \$300,000 of the export finance working capital account is transferred to the general fund.

Sec. 25. HOUSING FINANCE AGENCY (3,000,000)

Sec. 26. AMATEUR SPORTS COMMISSION (9,000)

Sec. 27. STATE PLANNING AGENCY (601,000)

Sec. 28. LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES

(72,000)

(a) The commissioner of finance, upon recommendation of the legislative commission on Minnesota resources, shall reduce the appropriations in Laws 1989, chapter 335, article 1, section 29, by this amount. As the cash flow of the Minnesota resources fund permits, the commissioner of finance shall transfer this amount to the general fund.

(b) The appropriation in Laws 1989, chapter 335, article 1, section 29, subdivision 11, paragraph (j), from the legislative commission on Minnesota resources for a study of wetland plant communities, is available until December 31, 1991.

Sec. 29. LABOR AND INDUSTRY

(a) General Reduction

(2,520,000)

\$2,450,000 of this reduction is in the transfer from the general fund to the workers' compensation special fund.

(b) Study of Long-Term Workers' Compensation Cases

15,000

This appropriation is for the commissioner of labor and industry to contract for a study of long-term workers' compensation cases. The purposes of the study are to establish a uniform system for identifying factors contributing to recovery and to assist claimants and care providers in identifying the best means for recovery at the earliest possible time. The study must include a pilot test on a sample of claims. The test must evaluate the benefit of the uniform system for workers, employers, medical and rehabilitation providers, insurers, state monitoring organizations, litigators, and adjudicators. Issues that should be addressed during the test include confidentiality, instrument reliability and validity, information utility and adequacy, data collection systems, and training of personnel. The study must be conducted by an organization with substantial background in medical and psychological instrumentation and substantial knowledge of disability assessment. Bidders without a

direct interest in the workers' compensation system as insurers or health care providers must be preferred. A report of the study must be submitted to the commissioner of labor and industry and the legislature by July 1, 1991. Expenditure of this appropriation is contingent upon the commitment by private sources to the commissioner of labor and industry of private monies, outside of the state general fund, in an amount at least equal to five times the amount of the appropriation as additional funding for the study to be conducted under this section.

Sec. 30. MEDIATION SERVICES (36,000)

Sec. 31. MILITARY AFFAIRS (189,000)

Notwithstanding any law to the contrary, the department of military affairs, with the assistance of the management analysis division of the department of administration, shall analyze the cost savings that may be obtained through multiple use, the time-sharing, consolidation, or closure of armories throughout the state.

Sec. 32. VETERANS AFFAIRS (52,000)

Sec. 33. HUMAN RIGHTS (60,000)

The department of human rights may not be charged by the attorney general for legal representation on behalf of complaining parties who have filed a charge of discrimination with the department. This provision is effective retroactive to July 1, 1989. The department does not have an obligation to pay for any services rendered by the attorney general since July 1, 1985, in excess of the amounts already paid for those services.

Sec. 34. DISABILITIES COUNCIL (10,000)

The appropriation in Laws 1989, chapter 335, article 1, section 41, may be used in part for grants, in coordination with statewide handicapped arts organizations, to arts organizations throughout the state that will serve individuals with disabilities, regardless of the size of their operating budgets.

Sec. 35. RETIREMENT CONTRIBUTIONS

(a) General fund (2,206,000)

(b) Trunk highway fund	(1,864,000)
(c) Other funds	(1,149,000)

With the exception of appropriations made to the University of Minnesota, the community college system, the technical college system, and the state university system, the commissioner of finance shall reduce each state agency's fiscal year 1991 appropriation by an amount equal to the sum of:

(1) .22 percent of the agency's fiscal year 1991 salaries paid to employees covered by the general state employee retirement plan established in Minnesota Statutes, chapter 352.

(2) 2.43 percent of the agency's fiscal year 1991 salaries paid to employees covered by the correctional employees retirement plan established in Minnesota Statutes, chapter 352.

(3) 4.02 percent of the agency's fiscal year 1991 salaries paid to employees covered by the state patrol retirement plan established in Minnesota Statutes, section 352B.02.

(4) .84 percent of the agency's fiscal year 1991 salaries paid to employees covered by the teacher's retirement plan established in Minnesota Statutes, chapter 354.

The appropriation reductions made under this section are permanent reductions to each agency's budget.

**Sec. 36. [TRANSFER PROHIBITED.]**

*If an amount is specified in this act for an item within an activity, that amount must not be transferred or used for any other purpose.*

**Sec. 37. [MANAGING REDUCTIONS.]**

*Subdivision 1. [APPROPRIATION AVAILABILITY.] If the appropriation from the general fund to an agency listed in this act in either year of the biennium ending June 30, 1991, is insufficient, upon the advance approval of the commissioner of finance the appropriation for the other year is available for it.*

*Subd. 2. [BASE REDUCTIONS.] The appropriations reduced from an agency by this act, before any adjustments under subdivision 1, must not be added back to the agency's appropriation base for the 1992-1993 biennium.*

**Sec. 38. Minnesota Statutes 1988, section 2.722, subdivision 4, is amended to read:**

**Subd. 4. [DETERMINATION OF A JUDICIAL VACANCY.]** (a) When a judge of the district, county, or county municipal court dies, resigns,

retires, or is removed from office, the supreme court, in consultation with judges and attorneys in the affected district, shall determine within 90 days of receiving notice of a vacancy from the governor whether the vacant office is necessary for effective judicial administration. The supreme court may continue the position, may order the position abolished, or may transfer the position to a judicial district where need for additional judges exists, designating the position as either a county, county/municipal or district court judgeship. The supreme court shall certify any vacancy to the governor, who shall fill it in the manner provided by law.

*(b) If a judge of district court fails to timely file an affidavit of candidacy and filing fee or petition in lieu of a fee, the official with whom the affidavits of candidacy are required to be filed shall notify the supreme court that the incumbent judge is not seeking reelection. Within five days of receipt of the notice, the supreme court shall determine whether the judicial position is necessary for effective judicial administration and notify the official responsible for certifying the election results of its determination. The supreme court may continue the position, may order the position abolished, or may transfer the position to a judicial district where the need for additional judgeships exists. If the position is abolished or transferred, the election may not be held. If the position is transferred, the court shall also notify the governor of the transfer. Upon transfer, the position is vacant and the governor shall fill it in the manner provided by law. An order abolishing or transferring a position is effective the first Monday in the next January.*

Sec. 39. Minnesota Statutes 1988, section 3.736, subdivision 7, is amended to read:

Subd. 7. [PAYMENT.] A state agency, including an entity defined as part of the state in section 3.732, subdivision 1, clause (1), incurring a tort claim judgment or settlement obligation or whose employees acting within the scope of their employment incur the obligation shall seek approval to make payment by submitting a written request to the commissioner of finance. The request shall contain a description of the tort claim that causes the request, specify the amount of the obligation and be accompanied by copies of judgments, settlement agreements or other documentation relevant to the obligation for which the agency seeks payment. Upon receipt of the request and review of the claim, the commissioner of finance shall determine the proper appropriation from which to make payment. If there is enough money in an appropriation or combination of appropriations to the agency for its general operations and management to pay the claim without unduly hindering the operation of the agency, the commissioner shall direct that payment be made from that source. Claims relating to activities paid for by appropriations of dedicated receipts shall be paid from those appropriations if practicable. On determining that an agency has sufficient money in these appropriations to pay only part of a claim, the commissioner shall pay the remainder of the claim from the money appropriated to the commissioner for the purpose. On determining that the agency does not have enough money to pay any part of the claim, the commissioner shall pay all of the claim from money appropriated to the commissioner for the purpose. ~~On January 1 and July 1 of each year, the commissioner of finance shall transmit to the legislature and to the chair of the house appropriations and senate finance committees copies of all requests in the preceding six months together with a report on the payments made with respect to each request. Payment shall be made only upon receipt of a~~

written release by the claimant in a form approved by the attorney general, or the person designated as the university attorney, as the case may be.

No attachment or execution shall issue against the state.

Sec. 40. Minnesota Statutes 1988, section 11A.07, subdivision 5, is amended to read:

Subd. 5. [APPORTIONMENT OF EXPENSES.] The executive director shall apportion the actual expenses incurred by the board on an accrual basis among the several funds whose assets are invested by the board based on the weighted average assets under management during each quarter. The charge to each ~~retirement~~ fund must be calculated, billed, and paid on a quarterly basis in accordance with procedures for interdepartmental payments established by the commissioner of finance. The amounts necessary to pay these charges are appropriated from the investment earnings of each ~~retirement~~ fund. Receipts must be credited to the general fund as nondedicated receipts. ~~Funds other than retirement funds must not be billed; their portion of the expenses will be borne by the general fund.~~

Sec. 41. [15.082] [OBLIGATIONS OF PUBLIC CORPORATIONS.]

*Notwithstanding any other law, the state is not liable for obligations of a public corporation created by statute. Upon dissolution of the public corporation, its wholly-owned assets become state property. Partially owned assets become state property to the extent that state money was used to acquire them.*

*This section does not apply to a public corporation governed by chapter 119.*

Sec. 42. Minnesota Statutes 1988, section 15.53, is amended by adding a subdivision to read:

Subd. 3. [POLITICAL SUBDIVISIONS.] *A state department or agency must report to the department of employee relations an interchange with a political subdivision in which it is participating either as a sending or receiving agency. The report must include identification of the political subdivision, the length of the individual assignment, and the duties of the individual assignment.*

Sec. 43. Minnesota Statutes 1989 Supplement, section 16A.11, subdivision 3, is amended to read:

Subd. 3. [PART TWO: DETAILED BUDGET.] Part two of the budget, the detailed budget estimates both of expenditures and revenues, shall also include statements of the bonded indebtedness of the state, showing the actual amount of the debt service for at least the past two completed fiscal years, and the estimated amount for the current fiscal year and for the next two fiscal years, the debt authorized and unissued, the condition of the sinking funds, and the borrowing capacity. It shall also contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the budget request of each agency arranged in tabular form so it may readily be compared with the governor's budget for each agency. They shall also include, as part of each agency's organization chart, a summary of the personnel employed by the agency, showing the complement approved by the legislature for the current biennium, additional complement positions authorized through the governor or the commissioner, positions transferred into or out of the agency, additional part-time and seasonal positions and



the number of employees of all kinds employed by the agency on June 30 of the last complete fiscal year. The summary of the number of employees must list employees by employment status, including but not limited to full-time unlimited, part-time unlimited, full-time or part-time seasonal, intermittent, full-time or part-time temporary, full-time or part-time emergency, and other. The summary of personnel shall also be shown for each functional division of the agency, and for each fund and type of appropriation.

*Any increase in complement with the exception of federal positions, approved by the commissioner of finance as temporary positions, shall be reflected in the governor's budget recommendations to the legislature as change request items. These positions are not permanent positions until the legislature has approved the change request items.*

Sec. 44. Minnesota Statutes 1989 Supplement, section 16A.133, subdivision 1, is amended to read:

Subdivision 1. [PAYROLL DIRECT DEPOSIT AND DEDUCTIONS.] An agency head in the executive, judicial, and legislative branch ~~may~~ shall, upon written request signed by an employee, directly deposit all or part of an employee's pay in any credit union or financial institution, as defined in section 47.015, designated by the employee. An agency head may, upon written request of an employee, deduct from the pay of the employee a requested amount to be paid to the Minnesota benefit association, or to any organization contemplated by section 179A.06, of which the employee is a member, or to a company that has contracted to insure the employee for the medical costs of cancer or intensive care. If an employee is a member of or has accounts with more than one credit union or financial institution or more than one organization under section 179A.06, or is insured by more than one company, only one credit union or financial institution and one organization and one company may be paid money by direct deposit or by payroll deduction from the employee's pay.

Sec. 45. [16A.79] [MATCHING FEDERAL APPROPRIATIONS.]

*Specific appropriations that are made to match federal appropriations shall be considered change requests in the following biennial budget submission if, during the biennium, the federal funding has been reduced or eliminated.*

Sec. 46. Minnesota Statutes 1989 Supplement, section 16B.24, subdivision 6, is amended to read:

Subd. 6. [PROPERTY RENTAL.] (a) [LEASES.] The commissioner shall rent land and other premises when necessary for state purposes. The commissioner may lease land or premises for five years or less, subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use. The commissioner may not rent non-state-owned land and buildings or substantial portions of land or buildings within the capitol area as defined in section 15.50 unless the commissioner first consults with the capitol area architectural and planning board. If the commissioner enters into a lease-purchase agreement for buildings or substantial portions of buildings within the capitol area, the commissioner shall require that any new construction of non-state-owned buildings conform to design guidelines of the capitol area architectural and planning board. Lands needed by the department of transportation for storage of vehicles or road materials may be rented for five years or less, such leases for terms over two years being subject to cancellation upon 30

days written notice by the state for any reason except rental of other land or premises for the same use. *An agency or department head must consult with the chairs of the house appropriations and senate finance committees before entering into any agreement that would cause an agency's rental costs to increase by ten percent or more per square foot or would increase the number of square feet of office space rented by the agency by 25 percent or more in any fiscal year.*

(b) [USE VACANT PUBLIC SPACE.] No agency may initiate or renew a lease for space for its own use in a private building unless the commissioner has thoroughly investigated presently vacant space in public buildings, such as closed school buildings, and found that none is available.

(c) [PREFERENCE FOR CERTAIN BUILDINGS.] For needs beyond those which can be accommodated in state-owned buildings, the commissioner shall acquire and utilize space in suitable buildings of historical, architectural, or cultural significance for the purposes of this subdivision unless use of that space is not feasible, prudent and cost effective compared with available alternatives. Buildings are of historical, architectural, or cultural significance if they are listed on the national register of historic places, designated by a state or county historical society, or designated by a municipal preservation commission.

(d) [RECYCLING SPACE.] Leases for space of 30 days or more for 5,000 square feet or more must require that space be provided for recyclable materials.

Sec. 47. Minnesota Statutes 1989 Supplement, section 16B.465, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The statewide telecommunications access routing system provides voice, data, video, and other telecommunications transmission services to state agencies, educational institutions, *including private colleges*, public corporations, and state political subdivisions. It is not a telephone company for purposes of chapter 237. It shall not resell or sublease any services or facilities to nonpublic entities *except it may serve private colleges*. The commissioner has the responsibility for planning, development, and operations of a statewide telecommunications access routing system in order to provide cost-effective telecommunications transmission services to system users.

Sec. 48. [88.81] [FOREST MANAGEMENT PRACTICES IN LITIGATION.]

*The commissioner may not implement new or revised forest management practices as part of agreements relating to litigation until the commissioner has reported the forest management practices to the chairs of the environment and natural resources committees of the legislature at the next regular session of the legislature.*

Sec. 49. Minnesota Statutes 1989 Supplement, section 105.41, subdivision 5a, is amended to read:

Subd. 5a. [WATER USE PROCESSING FEE.] (a) Except as provided in ~~paragraph~~ *paragraphs (b) to (e)*, a water use processing fee ~~not to exceed \$2,000~~ must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) 0.05 cent per 1,000 gallons for the first 50 million gallons per year;

and

(2) ~~0.1~~ 0.10 cents per 1,000 gallons for the amounts greater than 50 million gallons but less than 100 million gallons per year; and

(3) 0.15 cents per 1,000 gallons for amounts greater than 100 million gallons but less than 150 million gallons per year; and

(4) 0.20 cents per 1,000 gallons for amounts greater than 150 million gallons but less than 200 million gallons per year; and

(5) 0.25 cents per 1,000 gallons for amounts greater than 200 million gallons but less than 250 million gallons per year; and

(6) 0.30 cents per 1,000 gallons for amounts greater than 250 million gallons but less than 300 million gallons per year; and

(7) 0.35 cents per 1,000 gallons for amounts greater than 300 million gallons but less than 350 million gallons per year; and

(8) 0.40 cents per 1,000 gallons for amounts greater than 350 million gallons but less than 400 million gallons per year; and

(9) 0.45 cents per 1,000 gallons for amounts greater than 400 million gallons per year.

(b) For once-through cooling systems as defined in subdivision 1c, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) for nonprofit corporations and school districts:

(i) 5.0 cents per 1,000 gallons until December 31, 1991;

~~(2)~~ (ii) 10.0 cents for 1,000 gallons from January 1, 1992, until December 31, 1996; and

~~(3)~~ (iii) 15.0 cents per 1,000 gallons after January 1, 1997; and

(2) for all other users after January 1, 1990, 20 cents per 1,000 gallons.

(c) The fee is payable based on the amount of water ~~permitted~~ appropriated during the year and in no case may the fee be less than ~~\$25~~ \$50.

(d) For water use processing fees other than once-through cooling systems:

(1) the fee for a city of the first class may not exceed \$175,000 per year;

(2) the fee for other entities for any permitted use may not exceed:

(i) \$35,000 per year for an entity holding three or fewer permits;

(ii) \$50,000 per year for an entity holding four or five permits;

(iii) \$175,000 per year for an entity holding more than five permits;

(3) the fee for agricultural irrigation may not exceed \$750 per year.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) This subdivision applies to permits issued or effective on or after January 1, 1990.

Sec. 50. Minnesota Statutes 1989 Supplement, section 115A.54, subdivision 2a, is amended to read:

Subd. 2a. [SOLID WASTE MANAGEMENT PROJECTS.] (a) The board shall provide technical and financial assistance for the acquisition and betterment of solid waste management projects as provided in this subdivision and section 115A.52. Money appropriated for the purposes of this subdivision must be distributed as grants.

(b) Except as provided in paragraph (c), a project may receive grant assistance up to 25 percent of the capital cost of the project or \$2,000,000, whichever is less, *except that projects constructed as a result of intercounty cooperative agreements may receive (1) grant assistance up to 25 percent of the capital cost of the project; or (2) \$2,000,000 times the number of participating counties, whichever is less.*

(c) A recycling project or a project to compost or co-compost waste may receive grant assistance up to 50 percent of the capital cost of the project or \$2,000,000, whichever is less, *except that projects completed as a result of intercounty cooperative agreements may receive (1) grant assistance up to 50 percent of the capital cost of the project; or (2) \$2,000,000 times the number of participating counties, whichever is less.*

(d) Notwithstanding paragraph (e), the agency may award grants for transfer stations that will initially transfer waste to landfills if the transfer stations are part of a planned resource recovery project, the county where the planned resource recovery facility will be located has a comprehensive solid waste management plan approved by the agency, and the solid waste management plan proposes the development of the resource recovery facility. If the proposed resource recovery facility is not in place and operating within five years of the date of the grant award, the recipient shall repay the grant amount to the state.

(e) Projects without resource recovery are not eligible for assistance.

(f) In addition to any assistance received under clause (b) or (c), a project may receive grant assistance for the cost of tests necessary to determine the appropriate pollution control equipment for the project or the environmental effects of the use of any product or material produced by the project.

(g) In addition to the application requirements of section 115A.51, an application for a project serving eligible jurisdictions in only a single county must demonstrate that cooperation with jurisdictions in other counties to develop the project is not needed or not feasible. Each application must also demonstrate that the project is not financially prudent without the state assistance, because of the applicant's financial capacity and the problems inherent in the waste management situation in the area, particularly transportation distances and limited waste supply and markets for resources recovered.

(h) For the purposes of this subdivision, a "project" means a processing facility, together with any transfer stations, transmission facilities, and other related and appurtenant facilities primarily serving the processing facility. The board shall adopt rules for the program by July 1, 1985.

Sec. 51. Minnesota Statutes 1988, section 116.36, subdivision 1, is amended to read:

Subdivision 1. For the purposes of ~~this section and section 116.37~~ *sections 116.36 to 116.38*, the following terms ~~shall~~ have the meanings given.

## Sec. 52. [116.38] [PCB BURNING.]

*Subdivision 1. [STATE POLICY.] The legislature finds that risks to human health must be adequately evaluated before a facility may burn PCBs. The legislature also finds that if there is a risk to human health, all human health must be treated with equal concern, and facilities that cause risks to human health must not be allowed to operate in sparsely populated areas if they would not be allowed to operate in heavily populated areas.*

*Subd. 2. [EIS REQUIRED.] The pollution control agency may not allow burning of wastes containing 50 ppm or greater PCBs by permit or otherwise unless an environmental impact statement is completed. It may not renew a permit for burning wastes containing 50 ppm or greater PCBs until an environmental impact statement is completed. This section does not apply to experimental burning of small quantities of waste containing 50 ppm or greater PCBs.*

Sec. 53. Minnesota Statutes 1988, section 116.65, subdivision 3, is amended to read:

*Subd. 3. [APPROPRIATION.] The amount necessary to pay the inspection maintenance operator during the initial contract period for the contract entered into under section 116.62, subdivision 3, is appropriated from the vehicle emission inspection account to the agency. By the end of the initial contract entered by the agency under section 116.62, subdivision 3, the amounts appropriated from the motor vehicle transfer fund to the vehicle emission inspection account must be repaid to the transfer fund, and the amounts necessary for this repayment are appropriated from the vehicle emission inspection account.*

Sec. 54. Minnesota Statutes 1989 Supplement, section 116.85, is amended to read:

## 116.85 [MONITORS REQUIRED FOR INCINERATORS.]

*Subdivision 1. [EMISSION MONITORS.] Notwithstanding any other law to the contrary, an incinerator permit that contains emission limits for dioxin, cadmium, chromium, lead, or mercury must, as a condition of the permit, require the installation of an air emission monitoring system approved by the commissioner. The monitoring system must provide continuous measurements to ensure optimum combustion efficiency for the purpose of ensuring optimum dioxin destruction. The system shall also be capable of providing a permanent record of monitored emissions that will be available upon request to the commissioner and the general public. The commissioner shall provide periodic inspection of the monitoring system to determine its continued accuracy. The facility must conduct periodic stack testing for mercury at intervals not to exceed 90 days. Refuse-derived fuel facilities must conduct periodic stack testing for mercury at intervals not to exceed 15 months unless a previous test showed a permit exceedance after which the agency may require quarterly testing until permit requirements are satisfied.*

*Subd. 2. [CONTINUOUSLY MONITORED EMISSIONS.] Should, at any time after normal startup, the permitted facility's continuously monitored emissions exceed permit requirements, based on accurate and valid emissions data, the facility shall immediately report the exceedance to the commissioner and immediately either commence appropriate modifications to the facility to ensure its ability to meet permitted requirements or commence shutdown if the modifications cannot be completed within 72 hours.*

*Compliance with permit requirements must then be demonstrated based on additional testing.*

*Subd. 3. [PERIODICALLY TESTED EMISSIONS.] Should, at any time after normal startup, the permitted facility's periodically tested emissions exceed permit requirements based on accurate and valid emissions data, the facility shall immediately report the exceedance to the commissioner, and the commissioner shall direct the facility to commence appropriate modifications to the facility to ensure its ability to meet permitted requirements within 30 days, or to commence appropriate testing for a maximum of 30 days to ensure compliance with applicable permit limits. If the commissioner determines that compliance has not been achieved after 30 days, then the facility shall shut down until compliance with permit requirements is demonstrated based on additional testing.*

*Subd. 4. [OTHER LAW.] This section shall not be construed to limit the authority of the agency to regulate incinerator operations under any other law.*

Sec. 55. Minnesota Statutes 1988, section 116D.045, subdivision 3, is amended to read:

Subd. 3. The responsible governmental unit shall assess the project proposer for reasonable costs in preparing and distributing the environmental impact statement and the proposer shall pay the assessed cost to the responsible governmental unit. ~~All money received pursuant to this subdivision shall be deposited in the general fund.~~ Money received under this subdivision by a responsible governmental unit ~~that is not a state agency~~ may be retained by the unit for the same purposes. *Money received by a state agency must be credited to a special account and is appropriated to the agency to cover the assessed costs incurred.*

Sec. 56. Minnesota Statutes 1988, section 116P.05, is amended to read:

116P.05 [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 *or designees appointed for the terms of the chairs*, the chairs of the house appropriations and senate finance committees *or designees appointed for the terms of the chairs*, six members of the senate appointed by the subcommittee on committees of the committee on rules and administration, and six members of the house appointed by the speaker. The commission shall develop a budget plan for expenditures from the trust fund and shall adopt a strategic plan as provided in section 116P.08.

(b) The commission shall recommend expenditures to the legislature from the Minnesota future resources account under section 116P.13. At least two members from the senate and two members from the house must be from the minority caucus. Members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission.

(c) 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 116P.01 to 116P.13.

Sec. 57. Minnesota Statutes 1988, section 116P.11, is amended to read:

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 *generated* 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 1990 and 1990 1991~~;

(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. 58. [116Q.01] [GREAT LAKES PROTECTION FUND.]

*The Great Lakes protection fund has been created by the governors of the eight Great Lakes states as a nonprofit corporation under the laws of the state of Illinois. The fund is a permanent endowment whose purpose is to advance the principles, goals, and objectives of the Great Lakes toxic substances control agreement executed by the governors of the eight Great Lakes states in May 1986 and to ensure the continuous development of needed scientific information, new cleanup technologies, and innovative methods of managing pollution problems as a cooperative effort in the Great Lakes region. The governor may enter this state as a member of the Great Lakes protection fund and do all things necessary or incidental to participate in the fund, as spelled out in its articles of incorporation, filed with the Illinois secretary of state on or about September 26, 1989, and its bylaws, as amended through September 26, 1989. If congressional consent to the Great Lakes protection fund carries with it conditions that materially change the provisions agreed to by the party states, this state reserves the option to terminate further participation in the fund.*

Sec. 59. [116Q.02] [STATE RECEIPTS FROM THE FUND.]

*Subdivision 1. [GREAT LAKES PROTECTION ACCOUNT.] Any money received by the state from the Great Lakes protection fund, whether in the form of annual earnings or otherwise, must be deposited in the state treasury and credited to a special Great Lakes protection account. Money in the account must be spent only as specifically appropriated by law for protecting water quality in the Great Lakes. Approved purposes include,*

*but are not limited to, supplementing in a stable and predictable manner state and federal commitments to Great Lakes water quality programs by providing grants to finance projects that advance the goals of the regional Great Lakes toxic substances control agreement and the binational Great Lakes water quality agreement.*

*Subd. 2. [LCMR REVIEW.] The legislature intends not to appropriate money from the Great Lakes protection account until projects have been reviewed and recommended by the legislative commission on Minnesota resources. A work plan must be prepared for each project for review by the commission. The commission must recommend specific projects to the legislature.*

Sec. 60. Minnesota Statutes 1988, section 190.08, is amended by adding a subdivision to read:

*Subd. 1a. [EXECUTIVE DIRECTOR.] The adjutant general may appoint an executive director of the department of military affairs. The executive director shall serve at the pleasure of the adjutant general.*

Sec. 61. Minnesota Statutes 1989 Supplement, section 190.25, subdivision 3, is amended to read:

Subd. 3. The adjutant general is authorized to sell in the manner provided by law any or all

(1) land, and

(2) timber, growing crops, buildings, and other improvements, if any, situated upon the ~~lands~~ land,

acquired under the authority of subdivision 1 or which may hereafter comprise the Camp Ripley military field training center and not needed for military training purposes. The proceeds of any sales shall be deposited in the general fund. *The adjutant general may use funds that are directly appropriated for the acquisition of land, the payment of expenses of forest management on land forming the Camp Ripley military reservation, and the provision of an enlisted person's service center.*

Sec. 62. Minnesota Statutes 1989 Supplement, section 270.064, is amended to read:

**270.064 [REQUESTING ASSISTANCE IN CRIMINAL TAX INVESTIGATIONS.]**

If the commissioner of revenue has reason to believe that a criminal violation of the state tax laws *or chapter 349* has occurred, the commissioner may request the attorney general or the prosecuting authority of any county to assist in a criminal tax investigation and may disclose ~~return~~ information to the prosecuting authority relevant to the investigation.

Sec. 63. Minnesota Statutes 1988, section 270.68, subdivision 1, is amended to read:

Subdivision 1. [LEGAL ACTION.] In addition to all other methods authorized by law for the collection of tax, if any tax payable to the commissioner of revenue or to the department of revenue, including penalties and interest thereon, is not paid within 60 days after it is required by law to be paid, the commissioner of revenue may, within five years after the date of assessment of the tax, bring an action at law against the person liable for the



payment or collection of the tax, in the name of the state, for the recovery of the tax and interest and penalties due in respect thereof. The action shall be brought in the district court of the judicial district in which lies the county of the residence or principal place of business within this state of the taxpayer, or, in the case of an estate or trust, of the place of its principal administration, and for this purpose the place named as such in the return, if any, made by the taxpayer shall be conclusive against the taxpayer in this matter. If no place is named in the return, the action may be commenced in Ramsey county. The action shall be commenced by filing with the court administrator a statement showing the name and address of the taxpayer, if known, an itemized summary of the taxable periods and the type of tax, the tax due and unpaid and the interest and penalties due with respect thereto under the provisions of law applicable to the tax, and shall contain a prayer that the court adjudge the taxpayer to be indebted on account of the taxes, interest, and penalties in the amount specified in the statement; a copy of the statement shall be furnished to the court administrator therewith. The court administrator shall mail a copy of the statement by certified mail to the taxpayer at the address given in the return, if any; and, if no address is given, then at the taxpayer's last known address, within five days after the same is filed, except that, if the taxpayer's address is not known, notice shall be made by posting a copy of the statement for ten days in the place in the courthouse where public notices are regularly posted. To litigate the claim, or any part thereof, the taxpayer shall file a verified answer with the court administrator setting forth objections to the claim, or any part thereof; the answer shall be filed on or before the 20th day after the date of mailing the statement; or, if notice has been given by posting, on or before the 20th day after the expiration of the period during which the notice was required to be posted. If no answer is filed within the specified time, the court administrator, upon the filing of an affidavit of default, shall enter judgment for the state in the amount prayed for, plus costs of \$10. If an answer is filed, the issues raised shall stand for trial as soon as possible after the filing of the answer, and the court shall determine the issues and direct judgment accordingly; and, if the taxes, interest, or penalties are sustained to any extent over the amount rendered by the taxpayer, shall assess \$10 costs against the taxpayer. The court shall disregard all technicalities and matters of form not affecting the substantial merits. The commissioner may call upon the county attorney or the attorney general to conduct the proceedings on behalf of the state. *If a proceeding is referred to a county attorney, and the county attorney fails to issue or cause to be issued an indictment or criminal complaint within 30 days after the referral by the commissioner, the attorney general may conduct the proceeding.* Execution shall be issued upon the judgment at the request of the commissioner, and the execution shall, in all other respects, be governed by the laws applicable to executions issued on judgments. Only the homestead and household goods of the judgment debtor shall be exempt from seizure and sale upon the execution.

Sec. 64. Minnesota Statutes 1988, section 282.014, is amended to read:

282.014 [COMPLETION OF SALE AND CONVEYANCE.]

Upon compliance by the purchaser with the provisions of ~~sections 282.011 to 282.015~~ *this chapter* and with the terms and conditions of the sale, and upon full payment for the land, plus a ~~\$20~~ \$25 fee in addition to the sale price, the sale shall be complete and a conveyance of the land shall be issued to the purchaser as provided by the appropriate statutes according

to the status of the land upon forfeiture.

The conveyance must be forwarded to the county recorder who shall record the conveyance before the auditor issues it to the purchaser.

Sec. 65. Minnesota Statutes 1988, section 296.06, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS FOR ISSUANCE.] A distributor's license shall be issued to any responsible person qualifying as a distributor who makes application therefor, and who shall pay to the commissioner at the time thereof and annually thereafter a license fee of ~~\$40~~ \$25, and who shall further comply with the following conditions:

(1) A written application shall be made in a manner approved by the commissioner, who shall require the applicant or licensee to deposit with the state treasurer securities of the United States government or the state of Minnesota or to execute and file a bond, with a corporate surety approved by the commissioner, to the state of Minnesota in an amount to be determined by the commissioner and in a form to be fixed by the commissioner and approved by the attorney general, and which shall be conditioned for the payment when due of all excise taxes, inspection fees, penalties, and accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state of Minnesota; the bond shall cover all places of business within the state where petroleum products are received by the licensee; and the applicant or licensee shall designate and maintain an agent in this state upon whom service may be had for all purposes of this section.

(2) An initial applicant for a distributor's license shall furnish a bond in a minimum sum of \$3,000 for the first year;

(3) The commissioner, on reaching the opinion that the bond given by a licensee is inadequate in amount to fully protect the state, shall require an additional bond in such amount as the commissioner deems sufficient;

(4) A licensee who desires to be exempt from depositing securities or furnishing such bond, as hereinbefore provided shall furnish an itemized financial statement showing the assets and the liabilities of the applicant and if it shall appear to the commissioner, from the financial statement or otherwise, that the applicant is financially responsible, then the commissioner may exempt such applicant from depositing such securities or furnishing such bond until the commissioner otherwise orders.

(5) The premium on any bond required under clauses (1) and (2), and on any additional bond required under clause (3), shall be paid by the commissioner out of a bond premium fund required to be set up from an appropriation by the legislature from whatever funds are available. All of said bonds required during each license period shall be purchased by the commissioner of administration from the lowest responsible bidder after advertising for competitive bids in the manner prescribed by Laws 1939, chapter 431, article II, as amended. The commissioner of administration shall call for bids within a reasonable period prior to the commencement of license period.

(6) Each license period shall be for one year ending each June 30.

(7) Upon application to the commissioner and compliance by the applicant with the provisions of this subdivision, the commissioner also shall issue a distributor's license to (a) any person engaged in this state in the

bulk storage of petroleum products and the distribution thereof by tank car or tank truck or both, and (b) any person holding an unrevoked license as a distributor since January 1, 1947, and (c) any person holding a license and performing a function under the motor fuel tax law of an adjoining state equivalent to that of a distributor under this act, who desires to ship or deliver petroleum products from that state to persons in this state not licensed as distributors in this state and who agrees to assume with respect to all petroleum products so shipped or delivered the liabilities of a distributor receiving petroleum products in this state, provided, however, that any such license shall be issued only for the purpose of permitting such person to receive in this state the petroleum products so shipped or delivered. Except as herein provided, all persons licensed as distributors under this clause shall have the same rights and privileges and be subject to the same duties, requirements and penalties as other licensed distributors.

Sec. 66. Minnesota Statutes 1988, section 296.12, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL FUEL DEALERS' LICENSE REQUIREMENTS.] No person except a licensed distributor shall engage in the business of selling or delivering special fuel as a special fuel dealer without having applied for and secured from the commissioner a special fuel dealer's license. The application shall be made in a manner approved by the commissioner and shall be accompanied by the payment of ~~\$40~~ \$25, which shall be the license fee. A special fuel dealer's license shall be issued to any responsible person qualifying as a special fuel dealer who makes proper application therefor. The license shall be displayed in a conspicuous manner in the place of business and shall expire annually on November 30.

A special fuel dealer who discontinues, sells or disposes of the business in any manner, at any time, shall surrender the dealer's special fuel dealer's license at the commissioner's office in St. Paul, Minnesota.

Sec. 67. Minnesota Statutes 1988, section 296.12, subdivision 2, is amended to read:

Subd. 2. [BULK PURCHASERS' LICENSE REQUIREMENTS.] No person shall receive special fuel as a bulk purchaser without having applied for and secured from the commissioner a bulk purchaser's license. The application shall be made in a manner approved by the commissioner and shall be accompanied by the payment of ~~\$40~~ \$25, which shall be the license fee. A bulk purchaser's license shall be issued to any responsible person qualifying as a bulk purchaser who makes proper application therefor. The license shall be displayed in a conspicuous manner in the place of business and shall expire annually on November 30.

A bulk purchaser who discontinues, sells or disposes of the business in any manner, at any time, shall surrender the bulk purchaser's license at the commissioner's office in St. Paul, Minnesota.

Sec. 68. Minnesota Statutes 1988, section 296.17, subdivision 10, is amended to read:

Subd. 10. [LICENSE.] (a) No motor carrier may operate a commercial motor vehicle upon the highways of this state unless and until issued a license pursuant to this section or has obtained a trip permit or temporary authorization as provided in this section.

(b) A license shall be issued to any responsible person qualifying as a

motor carrier who makes application therefor and who pays to the commissioner, at the time thereof, a license fee of ~~\$20~~ \$30. The license is valid for a period of up to two years or until revoked by the commissioner or until surrendered by the motor carrier. All outstanding licenses will expire on March 31 of each even-numbered year beginning with 1984 and may be renewed upon application to the commissioner and payment of the ~~\$20~~ \$30 fee. The license, photocopy, or electrostatic copy of it, shall be carried in the cab of every commercial motor vehicle while it is being operated in Minnesota by a licensed motor carrier.

Sec. 69. Minnesota Statutes 1988, section 296.17, subdivision 17, is amended to read:

Subd. 17. [TRIP PERMITS AND TEMPORARY AUTHORIZATIONS.] (a) A motor carrier may obtain a trip permit which shall authorize an unlicensed motor carrier to operate a commercial motor vehicle in Minnesota for a period of five consecutive days beginning and ending on the dates specified on the face of the permit. The fee for the permit shall be ~~\$15~~ \$25. Fees for trip permits shall be in lieu of the road tax otherwise assessable against the motor carrier on account of the commercial motor vehicle operating therewith, and no reports of mileage shall be required with respect to the vehicle.

The above permit shall be issued in lieu of license if in the course of operations a motor carrier operates on Minnesota highways no more than three times in any one calendar year.

(b) Whenever the commissioner is satisfied that unforeseen or uncertain circumstances have arisen which requires a motor carrier to operate in this state a commercial motor vehicle for which neither a trip permit pursuant to clause (a) of this subdivision nor a license pursuant to subdivisions 7 to 22 has yet been obtained, and if the commissioner is satisfied that prohibition of that operation would cause undue hardship, the commissioner may provide the motor carrier with temporary authorization for the operation of the vehicle. A motor carrier receiving temporary authorization pursuant to this subdivision shall perfect the same either by obtaining a trip permit or a license, as the case may be, for the vehicle at the earliest practicable time.

Sec. 70. Minnesota Statutes 1988, section 349.22, subdivision 2, is amended to read:

Subd. 2. [OTHER ACTION.] This section does not preclude civil or criminal actions under other applicable law or preclude any agency of government from investigating or prosecuting violations of the provisions of sections 349.11 to 349.214. County attorneys *and the attorney general* have ~~primary~~ joint responsibility for prosecuting violations of sections 349.11 to 349.214, ~~but~~ *and* the attorney general may prosecute any violation of those sections. *If the county attorney fails to initiate the prosecution within 30 days, the attorney general may initiate prosecution.*

Sec. 71. Minnesota Statutes 1988, section 349.36, is amended to read:

349.36 [DUTIES OF COUNTY ATTORNEY OR ATTORNEY GENERAL.]

The county attorney of the county in which the hearing is held *or the attorney general* shall attend the hearing, interrogate the witnesses, and advise the issuing authority. The county attorney *or the attorney general* shall also appear for the issuing authority on any appeal taken pursuant to

the provisions of section 349.39.

Sec. 72. Minnesota Statutes 1989 Supplement, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of \$55, ~~except that in an action for marriage dissolution, the fee is \$75~~ \$85.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of \$55, ~~except that in an action for marriage dissolution, the fee for the respondent is \$75~~ \$85.

The party requesting a trial by jury shall pay \$30.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under sections 106A.005 to 106A.811, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding \$5, plus 25 cents per page after the first page and \$3.50, plus 25 cents per page after the first page for an uncertified copy.

(3) Issuing a subpoena \$3 for each name.

(4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$5.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$5.

(6) Filing and entering a satisfaction of judgment, partial satisfaction or assignment of judgment, \$5.

(7) Certificate as to existence or nonexistence of judgments docketed, \$1 for each name certified to and \$3 for each judgment certified to.

(8) Filing and indexing trade name; or recording notary commission; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians or optometrists, \$5.

(9) For the filing of each partial, final, or annual account in all trustships, \$10.

(10) All other services required by law for which no fee is provided such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

Sec. 73. Minnesota Statutes 1989 Supplement, section 357.022, is amended to read:

357.022 [CONCILIATION COURT FEE.]

The court administrator in every county shall charge and collect a filing

fee of ~~\$10~~ \$13 from every plaintiff and from every defendant when the first paper for that party is filed in any conciliation court action. The court administrator shall transmit the fees monthly to the state treasurer for deposit in the state treasury and credit to the general fund.

Sec. 74. Minnesota Statutes 1989 Supplement, section 357.08, is amended to read:

357.08 [PAID BY APPELLANT IN APPEAL.]

There shall be paid to the clerk of the appellate courts by the appellant, or moving party or person requiring the service, in all cases of appeal, certiorari, habeas corpus, mandamus, injunction, prohibition, or other original proceeding, when initially filed with the clerk of the appellate courts, the sum of ~~\$150~~ \$200 to the clerk of the appellate courts. An additional filing fee of ~~\$50~~ \$100 shall be required for a petition for accelerated review by the supreme court. A filing fee of ~~\$150~~ \$200 shall be paid to the clerk of the appellate courts upon the filing of a petition for review from a decision of the court of appeals. A filing fee of ~~\$150~~ \$200 shall be paid to the clerk of the appellate courts upon the filing of a petition for permission to appeal. A filing fee of ~~\$75~~ \$100 shall be paid to the clerk of the appellate courts upon the filing by a respondent of a notice of review. The clerk shall transmit the fees to the state treasurer for deposit in the state treasury and credit to the general fund.

The clerk shall not file any paper, issue any writ or certificate, or perform any service enumerated herein, until the payment has been made for it. The clerk shall pay the sum into the state treasury as provided for by section 15A.01.

The charges provided for shall not apply to disbarment proceedings, nor to an action or proceeding by the state taken solely in the public interest, where the state is the appellant or moving party, nor to copies of the opinions of the court furnished by the clerk to the parties before judgment, or furnished to the district judge whose decision is under review, or to such law library associations in counties having a population exceeding 50,000, as the court may direct.

Sec. 75. Minnesota Statutes 1988, section 480A.01, subdivision 3, is amended to read:

Subd. 3. [ESTABLISHING NUMBER OF JUDGES.] By January 15, 1985, the state court administrator shall certify to the governor, the president of the senate, and the speaker of the house of representatives, the number of appeals filed in the court of appeals in 1984. By January 15, 1987, and every two years thereafter of the odd year, the state court administrator shall certify to the governor, the president of the senate, and the speaker of the house of representatives the average number of appeals filed in the court of appeals in each of the preceding two calendar years. ~~Effective on the following July 1, the normal number of judges of the court of appeals shall be one judge for every 100 cases in that average. If this normal number increases the number of judges, new judges shall be appointed on or after July 1. If this normal number decreases the number of judges, the incumbent judges shall nevertheless continue to serve and to be eligible for reelection, but the first vacancies arising in at-large seats on the court shall not be filled, until the normal number of judges is reached.~~

Sec. 76. Laws 1989, chapter 335, article 1, section 28, is amended to read:

Sec. 28. STATE PLANNING AGENCY 6,105,000 6,505,000

	1990	1991
Approved Comple-		
ment -	113	113
General -	80.5	80.5
Special Revenue -	4.5	4.5
Revolving -	22	22
Federal -	6	6

Summary by Fund

General	\$5,630,000	\$6,030,000
Special Revenue	\$ 475,000	\$ 475,000

\$377,000 the first year and \$377,000 the second year are for regional planning grants to regional development commissions organized under Minnesota Statutes, sections 462.381 to 462.396.

Until June 30, 1991, for state and federal grants distributed by state agencies to regions of the state not having a regional development commission, the state agency administering the grant program may assess the program for administrative costs incurred by the agency that normally are incurred by the commission.

\$22,000 the first year and \$22,000 the second year are for the Council of Great Lakes Governors.

During the biennium any seminars or training sessions regarding federal issues for federal budgeting that are conducted by the Washington office shall be made available to legislators and legislative staff. The Washington office shall notify the legislature regarding the timing of such seminars.

The commissioner shall contract with an independent consultant to explore future directions for Minnesota in land management information systems. This study shall examine interagency cooperation, public and private venture potential, the status of geographic information systems planning as it applies to Minnesota, the role that the land management information center should play in future development of an overall system, and development of a long-range strategy for Minnesota's role in providing the appropriate services to agencies and political subdivisions. The study shall also explore the activities of other states and nations

in the area of geographic information systems. The study must be accomplished in conjunction with the information policy office and be compatible with the long-range information management architecture being developed by the information policy office. A final report shall be submitted to the legislature by January 1, 1991, indicating recommendations for future actions.

The state planning agency shall study the effects on the state's transportation systems, methods of storage, public safety systems, and state health concerns of any incinerator to be constructed in Minnesota that is designed to burn hazardous wastes. The report shall include specific recommendations and shall be delivered to the legislature and the affected state agencies by January 1, 1991.

*Up to \$500,000 the second year is for one-third of the state's membership fee in the Great Lakes Protection Fund. The governor may enter as a signatory party in the Great Lakes Protection Fund. The fund is created as a permanent endowment to advance the principles, goals, and objectives of the Great Lakes Toxic Substance Control Agreement, executed by the eight Great Lakes governors in May 1986, and to ensure the continuous development of needed scientific information, new cleanup technologies, and innovative methods of managing pollution problems as a cooperative effort in the Great Lakes region.*

The governor may enter the state as a signatory party in the Great Lakes Protection Fund, subject to approval by the legislature. After approval, the governor shall do all things necessary or incidental to participate in the Great Lakes Protection Fund, as spelled out in its bylaws and articles of incorporation.

If congressional consent to the Great Lakes Protection Fund carries with it conditions that materially change the provisions agreed to by the party states, the state reserves the option to terminate further participation in the fund.

\$100,000 the first year and \$100,000 the second year are for demonstration grants



under the youth employment and housing program to eligible organizations as defined in Minnesota Statutes, section 268.361, subdivision 4. \$75,000 each year is for a grant to an eligible organization in the city of Bemidji.

\$250,000 the first year and \$250,000 the second year is for the Way to Grow school readiness program. \$125,000 the first year and \$125,000 the second year must be used for a project located within a city of the first class located within the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. \$125,000 the first year and \$125,000 the second year must be used for a project located within a city of the second class located within the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. This is intended to be a nonrecurring appropriation and must not be included in the budget base for the 1992-1993 biennium.

The state planning agency shall study the administrative costs of local units of government and shall report to the legislature by January 1, 1990, on the level and growth of administrative costs and alternatives for controlling future growth.

\$100,000 the first year and \$100,000 the second year are for the Minnesota environmental education board. Any appropriations for the board made by S.F. No. 262 serve to reduce these appropriations.

Sec. 77. Laws 1989, chapter 335, article 4, section 109, subdivision 1, is amended to read:

Subdivision 1. [STATUTORY SECTIONS.] Minnesota Statutes 1988, sections 11A.22; ~~84.0911, subdivisions 1 and 3~~; 85.051; 89.04; 93.221; 116J.968; 190.26; 344.03; and 469.121, subdivision 1, are repealed.

Sec. 78. [REENACTMENT.]

*As provided in Minnesota Statutes, section 645.36, Minnesota Statutes, section 84.0911, subdivisions 1 and 3 are reenacted.*

Sec. 79. [INCREASE IN FEES FOR LICENSES AND PERMITS FOR UTILITIES.]

*Effective July 1, 1990, the fees in Minnesota Rules, parts 6135.0400 to 6135.0800, adopted pursuant to Minnesota Statutes, section 84.415, subdivisions 1 and 5, are to be increased to an amount equal to the original fee schedule escalated due to inflation from the date the original fee schedule was adopted to July 1, 1990. The basis of escalation shall be the wholesale price index for all commodities. Notwithstanding the rulemaking*

*requirements of section 84.415, subdivision 1, the revised rates shall be published in the State Register prior to becoming effective.*

Sec. 80. [CANCELLATION OF APPROPRIATION.]

*The following appropriations are canceled.*

*(a) \$30,000 the first year and \$30,000 the second year made available from the wild rice account for a cooperative agreement with the Cuyuna Development Corporation for an economic development project on wild rice and grains to be accomplished in consultation with Aitkin Growth, Inc., in Laws 1989, chapter 335, article 1, section 21, subdivision 7 and is reappropriated to the commissioner for wild rice management in public waters.*

*(b) \$50,000 the first year and \$50,000 the second year made available for a grant to Aitkin Growth, Inc., for the development of projects for added value to wild rice and other grains, in Laws 1989, chapter 335, article 1, section 21, subdivision 7, is canceled.*

Sec. 81. [REPEALER.]

*Minnesota Statutes 1989 Supplement, section 480.241; and Laws 1989, chapter 303, section 10, are repealed.*

Sec. 82. [EFFECTIVE DATE.]

*This article is effective the day following final enactment, except as follows:*

*Section 53 is effective March 1, 1990.*

*Section 55 applies to fees collected on and after March 1, 1990.*

*Sections 65, 66, 67, and 68 are effective for license applications filed on or after July 1, 1990.*

*Section 69 is effective for permit applications filed on or after July 1, 1990.*

*Sections 77 and 78 are retroactive to July 1, 1989.*

## ARTICLE 2

### JUDICIAL SYSTEM

Section 1. Minnesota Statutes 1989 Supplement, section 43A.02, subdivision 25, is amended to read:

Subd. 25. [JUDICIAL BRANCH.] "Judicial branch" means all judges of the appellate courts, all employees of the appellate courts, including commissions, boards and committees established by the supreme court, the board of law examiners, the law library, the office of the public defender, all judges of all courts of law, district court referees, judicial officers, court reporters, law clerks, district administration employees under section 484.68, *court administrator or employee of the court and guardian ad litem program employees in the eighth judicial district*, and other agencies placed in the judicial branch by law. Judicial branch does not include district administration employees in the second and fourth judicial districts, court administrators or their staff under chapter 485, guardians ad litem, or other employees within the court system whose salaries are paid by the county, other than employees who remain on the county payroll under section 480.181, subdivision 2.

Sec. 2. Minnesota Statutes 1989 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 court referee, judicial officer, court reporter, or law clerk; a district administrator; ~~and~~ an employee of the office of the district administrator that is not in the second or fourth judicial district; *a court administrator or employee of the court administrator in the eighth judicial district, and a guardian ad litem program administrator in the eighth judicial district;*

(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;

(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. 3. [484.76] [HIRING AND SALARY MORATORIUM.]

*A county or a court must not increase the number of referees, judicial officers, court reporters, law clerks, or district administration employees, other than district administration employees in the second or fourth judicial district, unless the increase is approved by the supreme court. A county or a court must not increase the salaries of these employees without the approval of the supreme court, unless the increase is made under a plan adopted before January 30, 1989. The supreme court must not approve aggregate performance increases for these employees that exceed an average of five percent. New positions created after January 30, 1989, must be reflected as change requests in the biennial budget process when these functions are taken over by the state. Salary limits do not apply to employees covered by chapter 179A.*

## ARTICLE 3

### FUND CONSOLIDATION

Section 1. Minnesota Statutes 1989 Supplement, section 16B.28, subdivision 3, is amended to read:

Subd. 3. [REVOLVING FUND DEPOSIT OF RECEIPTS.] (a) [CREATION.] 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 4,~~ All money resulting from the acquisition, acceptance, warehousing, distribution, and public sale of surplus property, *must be deposited in the fund.* 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 471.59 must be deposited in the fund. Money paid into the materials distribution revolving fund is appropriated to the commissioner for the purposes of the programs and services referred to in this section.

(b) [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 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.

(c) [TRANSFER OR SALE TO OTHER 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 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 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. 2. Minnesota Statutes 1989 Supplement, section 41A.05, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF ACCOUNT.] The Minnesota agricultural and economic development account is established in the special revenue fund and may be invested ~~separately from all other funds of the state by the state board of investment.~~ All money appropriated to the account, and all guaranty fees, retail sales taxes, property tax increments, and other money from any source ~~which~~ may be credited to the account *and* are appropriated to the board to carry out the purposes of this chapter. The board may maintain or establish within the Minnesota agricultural and economic development account reserve accounts, project accounts, trustee accounts, special guaranty fund accounts, or other restrictions it determines necessary or appropriate. The board may enter into pledge and escrow agreements or indentures of trust with a trustee for the purpose of maintaining the accounts.

Sec. 3. Minnesota Statutes 1989 Supplement, section 85.205, is amended to read:

## 85.205 [RECEPTACLES FOR RECYCLING.]

The commissioner of natural resources must provide recycling conveniences at all state parks.

(a) State park managers must provide and maintain adequate receptacles for collection of food containers for recycling in all state parks.

(b) Appropriate recycling information must be available to all state park visitors.

(c) State park managers must post a notice of recycling availability at appropriate locations within each state park.

(d) State park managers must where practicable recycle the gathered recyclable materials, provide for the local unit of government to recycle the gathered materials, or contract with private nonprofit groups for recycling.

(e) Money collected by state park managers for recycling must be deposited in the state treasury and credited to the ~~state park maintenance and operation account~~ *general fund*.

Sec. 4. Minnesota Statutes 1988, section 89.58, is amended to read:

89.58 [FOREST PEST CONTROL ~~FUND ACCOUNT~~.]

All money collected under the provisions of sections 89.51 to 89.61 together with such money as may be appropriated by the legislature or allocated by the legislative advisory commission for the purposes of sections 89.51 to 89.61, and such money as may be contributed or paid by the federal government, or any other public or private agency, organization or individual, shall be deposited in the state treasury, to the credit of the forest pest control ~~fund account~~, which ~~fund account~~ is hereby created, and any moneys therein are appropriated to the commissioner for use in carrying out the purposes hereof.

Sec. 5. Minnesota Statutes 1988, section 115A.15, subdivision 6, is amended to read:

Subd. 6. [USE OF MATERIALS DISTRIBUTION REVOLVING FUND FUNDS.] 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, governmental units, and nonprofit organizations must be deposited in the ~~materials distribution revolving fund created in section 16B.28. The fund may be used for all activities associated with the program including payment of administrative and operating costs~~ *general fund*. 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 ~~materials distribution revolving~~ *general fund*.

Sec. 6. Minnesota Statutes 1988, section 176B.02, is amended to read:

176B.02 [PEACE OFFICERS BENEFIT ~~FUND ACCOUNT~~.]

There is hereby created in the state treasury an account to be known as peace officers benefit ~~fund account~~. Funds in the peace officers benefit ~~fund account~~ shall consist of money appropriated to that ~~fund account~~.

The administrator of the ~~fund~~ *account* is the commissioner of employee relations, who shall follow the procedures specified in section 176.541, subdivisions 2, 3, and 4.

Sec. 7. Minnesota Statutes 1988, section 176B.04, is amended to read:  
176B.04 [DISBURSEMENTS.]

Upon certification to the governor by the administrator of the ~~fund~~ *account* that a peace officer employed by a state or governmental subdivision within this state has been killed in the line of duty, leaving a spouse or one or more eligible dependents, the commissioner of finance shall, subject to the approval of the workers' compensation court of appeals, pay \$100,000 as follows:

(a) if there is no dependent child, to the spouse;

(b) if there is no spouse, to the dependent child or children in equal shares;

(c) if there are both a spouse and one or more dependent children, one-half to the spouse and one-half to the child or children, in equal shares;

(d) if there is no surviving spouse or dependent child or children, to the parent or parents dependent for support on the decedent, in equal shares;

(e) if there is no surviving spouse or dependent child, children or parent, then there shall be no payment made from the peace officers benefit ~~fund~~ *account*.

"Killed in the line of duty" does not include deaths from natural causes or deaths that occur during employment for a private employer other than an independent nonprofit firefighting corporation.

Sec. 8. Minnesota Statutes 1988, section 201.023, is amended to read:  
201.023 [VOTER REGISTRATION ACCOUNT.]

~~The voter registration account is established as an account in the state treasury. Amounts received by the secretary of state to pay the cost of producing lists of registered voters under section 201.091, subdivision 5, by the statewide computerized registration system must be deposited in the state treasury and credited to the voter registration account. Money in the voter registration account is continually appropriated to the secretary of state to produce lists of registered voters under section 201.091, subdivision 5 general fund.~~

Sec. 9. Minnesota Statutes 1988, section 243.48, subdivision 1, is amended to read:

Subdivision 1. [GENERAL SEARCHES.] The commissioner of corrections, the governor, lieutenant governor, members of the legislature, state officers, and the corrections ombudsman, may visit the inmates at pleasure, but no other persons without permission of the chief executive officer of the facility, under rules prescribed by the commissioner. A moderate fee may be required of visitors, other than those allowed to visit at pleasure. All fees so collected shall be reported and remitted to the state treasurer under rules as the commissioner may deem proper, and when so remitted shall be placed to the credit of the ~~current expense fund of the facility~~ *general fund*.

Sec. 10. Minnesota Statutes 1988, section 268.677, subdivision 2, is

amended to read:

Subd. 2. Reimbursement to the commissioner for the costs of administering wage subsidies must not exceed one-half percent of the money appropriated. *Reimbursements must be deposited in the general fund.* Reimbursement to an eligible local service unit for the costs of administering wage subsidies must not exceed five percent and for the purchase of supplies and materials necessary to create permanent improvements to public property must not exceed one percent of the money allocated to that local service unit. The commissioner and the eligible local service units shall reallocate money from other sources to cover the costs of administering wage subsidies whenever possible.

Sec. 11. Minnesota Statutes 1988, section 268.681, subdivision 3, is amended to read:

Subd. 3. [PAYBACK.] A business receiving wage subsidies shall repay 70 percent of the amount initially received for each eligible job applicant employed, if the employee does not continue in the employment of the business beyond the six-month subsidized period. If the employee continues in the employment of the business for one year or longer after the six-month subsidized period, the business need not repay any of the funds received for that employee's wages. If the employee continues in the employment of the business for a period of less than one year after the expiration of the six-month subsidized period, the business shall receive a proportional reduction in the amount it must repay. If an employer dismisses an employee for good cause and works in good faith with the eligible local service unit or its contractor to employ and train another person referred by the eligible local service unit or its contractor, the payback formula shall apply as if the original person had continued in employment.

A repayment schedule shall be negotiated and agreed to by the eligible local service unit and the business prior to the disbursement of the funds and is subject to renegotiation. The eligible local service unit shall forward 25 percent of the payments received under this subdivision to the commissioner on a monthly basis and shall retain the remaining 75 percent for local program expenditures. Notwithstanding section 268.677, subdivision 2, the local service unit may use up to 20 percent of its share of the funds returned under this subdivision for any administrative costs associated with the collection of the funds under this subdivision. At least 80 percent of the local service unit's share of the funds returned under this subdivision must be used as provided in section 268.677. The commissioner shall deposit payments forwarded to the commissioner under this subdivision in the ~~Minnesota wage subsidy account created by subdivision 4~~ *general fund.*

Sec. 12. Minnesota Statutes 1988, section 297.03, subdivision 5a, is amended to read:

Subd. 5a. [~~REVOLVING ACCOUNT DEPOSIT OF PROCEEDS.~~] ~~A heat applied cigarette tax stamp revolving account is created.~~ The commissioner shall use the amounts ~~in this fund appropriated by law 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 general fund.~~ *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. 13. Minnesota Statutes 1988, section 326.75, subdivision 4, is amended to read:

Subd. 4. [DEPOSIT OF FEES.] Fees collected under this section shall be deposited in the asbestos abatement revolving fund created by section 326.82 general fund.

Sec. 14. Minnesota Statutes 1988, section 349.52, subdivision 3, is amended to read:

Subd. 3. [VIDEO GAMING LICENSE ACCOUNT.] (a) Fees collected by the commissioner under sections 349.50 to 349.60 must be deposited in the state treasury in a special account to be known as the "video gaming license account." Money in the account is appropriated to the commissioner for distribution under paragraph (b) the general fund.

(b) The operator shall, by January 31 of each year, certify to the commissioner the number of video games of chance located in each city, and in each county outside of incorporated areas, on December 31 of the previous year. Within 15 days of receiving this certification the commissioner shall pay from the video gaming license account amounts appropriated to the commissioner to each city and county \$30 for each video game of chance located in the city or in the county outside city limits. After making these payments the commissioner shall transfer the unexpended balance in the account to the general fund.

Sec. 15. [REPEALER.]

Minnesota Statutes 1988, sections 85.30; 268.681, subdivision 4; and 326.82, are repealed.

Sec. 16. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor shall change the references in column A to those in Column B.

Section	A	B
326.70	326.82	326.81
326.71, subdivision 1	326.82	326.81
326.76	326.82	326.81
326.78, subdivision 1	326.82	326.81
326.79	326.82	326.81
326.80	326.82	326.81
326.81	326.82	326.81

Sec. 17. [EFFECTIVE DATE.]

This article is effective July 1, 1991."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; consolidating certain funds and accounts and making conforming changes; changing the organization, operation, financing, and management of certain courts and related offices; amending Minnesota Statutes 1988, sections 2.722, subdivision 4; 3.736, subdivision 7; 11A.07, subdivision 5; 15.53, by adding a subdivision; 89.58; 115A.15, subdivision 6; 116.36, subdivision 1; 116.65, subdivision 3; 116D.045, subdivision 3; 116P.05; 116P.11; 176B.02; 176B.04; 190.08, by adding a subdivision; 201.023; 243.48, subdivision 1; 268.677, subdivision 2; 268.681, subdivision 3; 270.68, subdivision 1; 282.014; 296.06, subdivision 2; 296.12, subdivisions 1 and 2; 296.17, subdivisions 10 and 17; 297.03, subdivision 5a; 326.75, subdivision 4; 349.22, subdivision 2; 349.36; 349.52, subdivision 3; and 480A.01, subdivision 3; Minnesota Statutes 1989 Supplement, sections 16A.11, subdivision 3; 16A.133, subdivision 1; 16B.24, subdivision 6; 16B.28, subdivision 3; 16B.465, subdivision 1; 41A.05, subdivision 1; 43A.02, subdivision 25; 43A.24, subdivision 2; 85.205; 105.41, subdivision 5a; 115A.54, subdivision 2a; 116.85; 190.25, subdivision 3; 270.064; 357.021, subdivision 2; 357.022; and 357.08; Laws 1989, chapter 335, articles 1, section 28; and 4, section 109, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 15; 16A; 88; 116; and 484; proposing coding for new law as Minnesota Statutes, chapter 116Q; repealing Minnesota Statutes 1988, sections 85.30; 268.681, subdivision 4; and 326.82; Minnesota Statutes 1989 Supplement, section 480.241; Laws 1989, chapter 303, section 10."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Phyllis Kahn, Wayne Simoneau, Richard Krueger, Tom Osthoff, Ron Abrams

Senate Conferees: (Signed) Carl W. Kroening, Dennis R. Frederickson, Bob Lessard

Mr. Kroening moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2419 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. 2419 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 4, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.J.	Moe, R.D.	Renneke
Anderson	Davis	Knutson	Morse	Schmitz
Beckman	Decker	Kroening	Novak	Solon
Belanger	DeCramer	Laidig	Olson	Spear
Benson	Dicklich	Langseth	Pariseau	Storm
Berg	Flynn	Lantry	Pehler	Stumpf
Berglin	Frank	Lessard	Peterson, R. W.	Vickerman
Bernhagen	Frederick	Marty	Piper	Waldorf
Bertram	Frederickson, D.J.	McGowan	Pogemiller	
Brandl	Frederickson, D.R.	McQuaid	Purfeerst	
Brataas	Hughes	Metzen	Ramstad	
Cohen	Johnson, D.E.	Moe, D.M.	Reichgott	

Messrs. Larson, Merriam, Piepho and Samuelson 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. 1894 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1894**

A bill for an act relating to environment and natural resources; amending provisions relating to water management organizations; providing legislative commission oversight of the metropolitan water management act; authorizing management and financing of drainage systems under certain laws; clarifying water management purposes; authorizing counties to remove watershed district managers for just cause; authorizing a technical advisory committee; requiring watershed management organizations to prepare newsletters, annual reports, and audits; providing for preparation of watershed plans and implementation of plans; providing penalties for not implementing plans; authorizing and directing the board of water and soil resources to adopt rules; providing for appeal of plan failures; providing for requests for proposals for certain services; authorizing accumulation of levy proceeds; requiring a draining system report; appropriating money; amending Minnesota Statutes 1988, sections 110B.28; 110B.30; 112.42, by adding a subdivision; 473.875; 473.876, by adding a subdivision; 473.877, subdivision 1; 473.878, subdivisions 1, 1a, 2, 3, 4, 8, and by adding subdivisions; 473.879, subdivision 2; 473.881; 473.882, subdivision 1; and 473.883, subdivisions 3 and 7; Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 112 and 473.

April 24, 1990

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. 1894, 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. 1894 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 110B.28, is amended to read:

110B.28 [COMMISSION OVERSIGHT; REPORT REQUIRED.]

The board shall, on or before January 15 of each year, submit to the legislative ~~water commission on Minnesota resources~~ a written report on the board's functions and the implementation of the comprehensive local water management act ~~and sections 473.875 to 473.883~~ since the previous report under this section was submitted. The report to the commission must include the board's recommendations for changes to the comprehensive local water management act ~~and sections 473.875 to 473.883~~ and any recommendations for funding. The board shall also report to the commission at other times requested by the commission. The commission may make recommendations to the legislature concerning the funding, implementation, and amendment of the act ~~and sections 473.875 to 473.883~~.

Sec. 2. Minnesota Statutes 1988, section 110B.30, is amended to read:

110B.30 [APPLICATION.]

Sections 110B.01 to 110B.28 do not apply in areas subject to the requirements of ~~sections 473.875 to 473.883~~ under section 473.878, subdivision 1, and in areas covered by an agreement entered into by December 31, 1985, under section 473.878, subdivision 1a, except as otherwise provided in sections 110B.04, subdivision 4, clause (4); and 110B.08, subdivisions 1, clauses (3) and (4) and 2, clause (b).

Sec. 3. Minnesota Statutes 1988, section 112.42, subdivision 3, is amended to read:

Subd. 3. [TERMS; SUCCESSOR APPOINTMENTS; VACANCIES.] (a) At least 30 days before the expiration of the term of office of the first managers named by the board, the county commissioners of each county affected shall meet and appoint successors to the first managers. If the nominating petition for the district originated from a majority of the cities in the district, ~~or if the district is wholly within the metropolitan area,~~ the county commissioners shall appoint the managers from a list of persons nominated jointly or severally by the towns and municipalities within the district. ~~If the district is wholly within the metropolitan area, the county commissioners shall appoint the managers from a list of persons nominated jointly or severally by the towns and municipalities within the district.~~ The list must contain at least three nominees for each position to be filled. Managers for a district wholly within the metropolitan area must be appointed to fairly represent by residence the various hydrologic areas within the district.

(b) The list of nominees must be submitted to the affected county board at least 60 days before the expiration of the term of office. If the list is not submitted within 60 days prior to the expiration of the term of office, the county commissioners shall select the managers from eligible individuals within the district. The county commissioners shall meet and appoint the successors at least 30 days before any manager's term expires. If the district affects more than one county, distribution of the managers among the counties affected shall be as directed by the board.

(c) Ten years after the order of establishment, the board may redistribute the managers among the counties if redistribution is in accordance with the purposes of this chapter. The board may take this action upon petition

of the county board of commissioners of any county affected by the district and after public hearing on the petition. A petition for the redistribution of managers must not be filed with the board more than once in ten years.

(d) If the number of manager positions in the board's findings and order establishing the district is three, the terms of office of the first county-appointed managers shall be one for a term of one year, one for a term of two years, and one for a term of three years. If the number of managers is five, one manager's term shall be one year, two managers' terms shall be two years, and two managers' terms shall be three years. If the board of managers consists of more than five members, the managers shall be appointed so that as nearly as possible one-third serve terms of one year, one-third serve terms of two years, and one-third serve terms of three years. If the district affects more than one county, the board shall direct the distribution of the one-, two-, and three-year terms among the affected counties. Thereafter, the term of office for each manager must be three years, and until a successor is appointed and qualified. If the district affects more than five counties, in order to provide for the orderly distribution of the managers, the board may determine and identify the manager areas within the territory of the district and select the appointing county board of commissioners for each manager's area. Any vacancy in an office of a manager must be filled by the appointing county board of commissioners.

(e) A record of all appointments made under this subdivision must be filed with the county auditor of each county affected, with the secretary of the board of managers, and with the secretary of the board. A person appointed as a manager must be a voting resident of the district and must not be a public officer of the county, state, or federal government, except that a soil and water conservation supervisor may be a manager.

Sec. 4. [112.4305] [TECHNICAL ADVISORY COMMITTEES.]

*For a district wholly within the metropolitan area, the board of managers shall establish a technical advisory committee consisting of representatives of affected statutory and home rule charter cities, counties, and soil and water conservation districts.*

Sec. 5. [473.157] [WATER RESOURCES PLAN.]

*To help achieve federal and state water quality standards, provide effective water pollution control, and help reduce unnecessary investments in advanced wastewater treatment, the council shall adopt a water resources plan that includes management objectives and target pollution loads for watersheds in the metropolitan area. The council shall recommend to the board of water and soil resources performance standards for watershed plans in the metropolitan area, including standards relating to the timing of plan revisions and proper water quality management.*

Sec. 6. Minnesota Statutes 1988, section 473.875, is amended to read:

473.875 [METROPOLITAN WATER MANAGEMENT PROGRAMS; PURPOSES.]

The ~~purpose~~ purposes of the water management programs required by sections 473.875 to 473.883 is are to: ~~protect, preserve and use natural surface and ground water storage and retention systems in order to (a) reduce to the greatest practical extent the public capital expenditures necessary to control excessive volumes and rates of runoff; (b) protect and improve surface and ground water quality; (c) prevent flooding and erosion~~

~~from surface flows, (d) promote ground water recharge, (e) protect and enhance fish and wildlife habitat and water recreational facilities, and (f) secure the other benefits associated with the proper management of surface and ground water.~~

*(1) protect, preserve, and use natural surface and groundwater storage and retention systems;*

*(2) minimize public capital expenditures needed to correct flooding and water quality problems;*

*(3) identify and plan for means to effectively protect and improve surface and groundwater quality;*

*(4) establish more uniform local policies and official controls for surface and groundwater management;*

*(5) prevent erosion of soil into surface water systems;*

*(6) promote groundwater recharge;*

*(7) protect and enhance fish and wildlife habitat and water recreational facilities; and*

*(8) secure the other benefits associated with the proper management of surface and ground water.*

Sec. 7. Minnesota Statutes 1988, section 473.876, is amended by adding a subdivision to read:

*Subd. 6a. [SUBWATERSHED UNIT.] "Subwatershed unit" means a hydrologic area less than the entire area under the jurisdiction of a watershed management organization.*

Sec. 8. Minnesota Statutes 1988, section 473.877, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] *(a) Any agreement under section 471.59 to jointly or cooperatively manage or plan for the management of surface water in a watershed delineated pursuant to subdivision 2, as required by sections 473.875 to 473.883, may provide, in addition to other provisions authorized by section 471.59, for a joint board having:*

~~(a)~~ *(1) the authority to prepare, adopt, and implement a plan for the watershed meeting the requirements of section 473.878;*

~~(b)~~ *(2) the authority to review and approve local water management plans as provided in section 473.879;*

~~(c)~~ *(3) the authority of a watershed district under chapter 112 to regulate the use and development of land in the watershed when one or more of the following conditions exists: (1) (i) the local government unit exercising planning and zoning authority over the land under sections 366.10 to 366.19, 394.21 to 394.37, or 462.351 to 462.364, does not have a local water management plan approved and adopted in accordance with the requirements of section 473.879 or has not adopted the implementation program described in the plan; (2) (ii) an application to the local government unit for a permit for the use and development of land requires an amendment to or variance from the adopted local water management plan or implementation program of the local unit; (3) and (iii) the local government unit has authorized the organization to require permits for the use and development of land;*

~~(d)~~ (4) the authority of a watershed district under section 112.65 to accept the transfer of drainage systems in the watershed, to repair, improve, and maintain the transferred drainage systems, and to construct all new drainage systems and improvements of existing drainage systems in the watershed, provided that: (i) projects may be carried out under the powers granted in chapter 106A, 112, or 473 ~~and sections 106A.005 to 106A.811 and that;~~ and (ii) proceedings of the board with respect to the systems must be in conformance with the watershed plan adopted under section 473.878; and

~~(e)~~ (5) other powers necessary to exercise the authority under clauses ~~(a)~~ (1) to ~~(e)~~ (3), including the power to enter into contracts for the performance of functions with governmental units or persons.

*(b) The board of water and soil resources shall adopt rules prescribing minimum requirements for the content of watershed management organization joint powers agreements.*

*(c) Decisions by a joint powers board may not require more than a majority vote, except a decision on a capital improvement project, which may require no more than a two-thirds vote.*

Sec. 9. [473.8775] [WATERSHED MANAGEMENT ORGANIZATIONS.]

*Subdivision 1. [APPOINTMENT OF MEMBERS.] Watershed management organizations shall notify the board of water and soil resources of member appointments and vacancies in member positions within 30 days. Appointing authorities shall fill vacant positions by 90 days after the vacancy occurs.*

*Subd. 2. [NOTICE OF BOARD VACANCIES.] Appointing authorities for watershed management organization board members shall publish a notice of vacancies resulting from expiration of members' terms and other reasons. The notices must be published at least once in a newspaper of general circulation in the watershed management organization area. The notices must state that persons interested in being appointed to serve on the watershed management organization board may submit their names to the appointing authority for consideration. Published notice of the vacancy must be given at least 15 days before an appointment or reappointment is made.*

*Subd. 3. [REMOVAL.] Appointing authorities may remove members of watershed management organization boards for just cause. The board of water and soil resources shall adopt rules prescribing standards and procedures for removing members of watershed management organization boards for just cause.*

*Subd. 4. [NEWSLETTER.] A watershed management organization shall publish and distribute at least one newsletter or other appropriate written communication each year to residents. The newsletter or other communication must explain the organization's water management programs and list the officers and telephone numbers.*

*Subd. 5. [REQUESTS FOR PROPOSALS FOR SERVICES.] A watershed management organization shall at least every two years solicit interest proposals for legal, professional, or technical consultant services before retaining the services of an attorney or consultant or extending an annual services agreement.*

*Subd. 6. [FORMATION OF ASSOCIATION.] The board of water and soil resources shall facilitate the formation of an association of watershed*

*management organizations and inform the association, if formed, of similar national associations with which it may become affiliated.*

*Subd. 7. [DRAINAGE SYSTEMS.] Watershed management organizations may accept transfer of drainage systems under sections 473.875 to 473.883.*

Sec. 10. Minnesota Statutes 1988, section 473.878, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] *(a) A watershed management plan is required for watersheds comprising all minor watershed units wholly or partly within the metropolitan area. For the purposes of this section a minor watershed unit shall be considered within the metropolitan area if units having more than 90 percent of its their area is within the metropolitan area-, the watershed management plan shall be prepared, adopted, and implemented in accordance with the requirements of sections 473.875 to 473.883.*

*(b) Minor watershed units having 90 percent or less of their area within the metropolitan area shall prepare a plan or have the county prepare a watershed management plan for their area in accordance with the requirements of sections 473.875 to 473.883 or chapter 110B, as determined by the board of water and soil resources.*

Sec. 11. Minnesota Statutes 1988, section 473.878, subdivision 1a, is amended to read:

Subd. 1a. [OPTIONAL PARTICIPATION IN METROPOLITAN WATER MANAGEMENT ORGANIZATION.] *Local government units, within or outside of the metropolitan area, having territory that is not subject to the requirements of this section but that is within a watershed part of which is subject to the requirements of this section, may enter into an agreement under section 473.877. A local government unit that enters into an agreement under this subdivision has the duties imposed and the authority granted in sections 473.875 to 473.883.*

Sec. 12. Minnesota Statutes 1988, section 473.878, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBLE UNITS.] *(a) Where a watershed management organization exists, the plan for the watershed shall be prepared and adopted by the organization.*

*(b) If a watershed management organization is not established by July 1, 1985, for any minor watershed unit located wholly outside of Hennepin and Ramsey counties, is terminated, or the board of water and soil resources determines a plan is not being implemented in accordance with its rules, the county or counties containing the watershed unit shall prepare, adopt, and implement the watershed plan and for this purpose the county or counties have the planning, review, permitting, and financing authority of a watershed management organization specified in sections 473.877 to 473.883. If a watershed management organization is not established by July 1, 1985, for any minor watershed unit within the metropolitan area and wholly or partly within Hennepin or Ramsey counties, the county or counties containing the watershed unit shall petition for the establishment of a watershed district under chapter 112, provided, however, that a district established pursuant to such a petition shall not cross a primary river nor a river forming the boundary between a metropolitan county and a county outside the*



metropolitan area, shall have boundaries which are based upon negotiations among all local government units which may have territory within the district and adjacent watersheds and shall not cross county boundaries to include territory whose distinguishing characteristic is multiple drainage points into a primary river. A watershed management organization may request a county to prepare all or part of a plan. A county may delegate the preparation of all or part of a plan to the county soil and water conservation district. Upon request of a statutory or home rule charter city or town, a county may delegate the preparation of all or part of a plan to the city or town.

*(c) If the board of water and soil resources determines that a county is not implementing the plan, has not delegated implementation of the plan, and has not petitioned for the creation of a watershed district:*

*(1) state agencies may withhold from local government units state funding for water programs for projects within the watershed;*

*(2) state agencies may withhold from local government units delegation of state water resource regulatory authority within the watershed; and*

*(3) state agencies may suspend issuance of water-related permits within the watershed.*

*The provisions of this paragraph apply until the board of water and soil resources determines that a plan is being implemented in accordance with its rules.*

*(d) Appeals from the board of water and soil resources determination are made in the same manner as appeals under section 110B.25, subdivision 5.*

Sec. 13. Minnesota Statutes 1988, section 473.878, subdivision 3, is amended to read:

Subd. 3. [GENERAL STANDARDS.] (a) The watershed management plan shall extend through the year 1990 or any year thereafter which is evenly divisible by five.

(b) The plan must be updated before the expiration of the period covered by the plan. The plan must be reviewed for consistency with an adopted county ground water plan, and revised as necessary, whenever the watershed plan undergoes substantial revision or updating. In counties that adopt or amend ground water plans within five years following August 1, 1987, watershed plans must be reviewed for consistency with the county ground water plan, and revised as necessary, not later than six years following August 1, 1987. In counties that adopt or amend ground water plans after five years following August 1, 1987, watershed plans must be reviewed for consistency with the county ground water plan, and revised as necessary, not later than one year following the adoption or amendment of the ground water plan. Upon the request of a watershed management organization, the county shall provide a written statement that:

(1) identifies any substantial inconsistencies between the watershed plan and the ground water plan and any substantial adverse effects of the watershed plan on the ground water plan; and

(2) evaluates, estimates the cost of, and recommends alternatives for amending the watershed plan to rectify any substantial inconsistencies and adverse effects.

(c) The plan shall contain the elements required by subdivision 4. Each element shall be set out in the degree of detail and prescription necessary to accomplish the purposes of sections 473.875 to 473.883, considering the character of existing and anticipated physical and hydrogeologic conditions, land use, and development and the severity of existing and anticipated water management problems in the watershed.

(d) The plan shall be prepared and submitted for review under subdivision 5 not later than December 31, 1986.

(e) Existing plans of a watershed management organization shall remain in force and effect until amended or superseded by plans adopted under sections 473.875 to 473.883. Existing or amended plans of a watershed management organization which meet the requirements of sections 473.875 to 473.883 may be submitted for review under subdivision 5.

*(f) Watershed management organizations shall coordinate their planning activities with contiguous watershed management organizations and counties conducting water planning and implementation under chapter 110B.*

Sec. 14. Minnesota Statutes 1988, section 473.878, subdivision 4, is amended to read:

Subd. 4. [CONTENTS.] (a) The plan shall:

(a) (1) describe the existing physical environment, land use, and development in the area and the environment, land use, and development proposed in existing local and metropolitan comprehensive plans;

(b) (2) present information on the hydrologic system and its components, including any drainage systems previously constructed under sections 106A.005 to 106A.811, and existing and potential problems related thereto;

(c) (3) state objectives and policies, including management principles, alternatives and modifications, water quality, and protection of natural characteristics;

(d) (4) set forth a management plan, including the hydrologic and water quality conditions that will be sought and significant opportunities for improvement;

(e) (5) describe the effect of the plan on existing drainage systems;

(f) (6) describe conflicts between the watershed plan and existing plans of local government units;

(g) (7) set forth an implementation program consistent with the management plan, which includes a capital improvement program and standards and schedules for amending the comprehensive plans and official controls of local government units in the watershed to bring about conformance with the watershed plan; and

(h) (8) set out a procedure for amending the plan.

*(b) The board shall adopt rules to establish standards and requirements for amendments to watershed plans. The rules must include:*

*(1) performance standards for the watershed plans, which may distinguish between plans for urban areas and rural areas;*

*(2) minimum requirements for the content of watershed plans and plan amendments, including public participation process requirements for amendment and implementation of watershed plans;*

*(3) standards for the content of capital improvement programs to implement watershed plans, including a requirement that capital improvement programs identify structural and nonstructural alternatives that would lessen capital expenditures; and*

*(4) how watershed plans are to specify the nature of the official controls required to be adopted by the local units of government, including uniform erosion control, stormwater retention, and wetland protection ordinances in the metropolitan area.*

Sec. 15. Minnesota Statutes 1988, section 473.878, subdivision 6, is amended to read:

Subd. 6. [REVIEW BY METROPOLITAN COUNCIL.] After completion of the review under subdivision 5, the plan and all comments received shall be submitted to the metropolitan council for review. Notwithstanding any provision to the contrary in sections 112.46 and 473.165, the council shall review the plan in the same manner and with the same authority and effect as provided for the council's review of the comprehensive plans of local government units under section 473.175. The council shall comment on the apparent conformity with metropolitan system plans of any anticipated amendments to local comprehensive plans. *The council shall advise the board of water and soil resources on whether the plan conforms with the management objectives and target pollution loads stated in the council's water resources plan and shall recommend changes in the plan that would satisfy the council's plan.* The council may mediate and attempt to resolve differences among local governmental agencies regarding the plan.

Sec. 16. Minnesota Statutes 1988, section 473.878, subdivision 8, is amended to read:

Subd. 8. [ADOPTION; IMPLEMENTATION.] *(a) The organization shall adopt and implement its plan within 120 days after compliance with the provisions of subdivision 7 and approval of the plan by the board of water and soil resources. A watershed district may implement its approved plan and approved capital improvement program by resolution of the majority of the board of managers and without respect to the provisions of chapter 112 requiring the managers to wait upon petitions for projects, to submit projects for review by the board of water and soil resources, and to limit the cost and purposes of projects.*

*(b) The board of water and soil resources shall adopt rules establishing standards and criteria for making determinations of whether watershed management organizations and counties are implementing watershed plans as required under subdivision 1.*

Sec. 17. Minnesota Statutes 1988, section 473.878, is amended by adding a subdivision to read:

*Subd. 10. [PLAN REVIEW.] The board of water and soil resources shall review each watershed management organization plan at least once every five years and recommend appropriate changes.*

Sec. 18. Minnesota Statutes 1988, section 473.878, is amended by adding a subdivision to read:

*Subd. 11. [APPEALS OF PLAN FAILURES.] Persons aggrieved by an alleged failure to comply with the provisions of an approved plan may request review by the board of water and soil resources. The board shall establish a procedure for resolving disputes and making a determination*

*on whether the plan is being implemented.*

Sec. 19. Minnesota Statutes 1988, section 473.878, is amended by adding a subdivision to read:

*Subd. 12. [ANNUAL REPORT.] The board of water and soil resources shall adopt rules establishing:*

*(1) requirements for annual watershed management organization financial reports to the board, including a report on administrative, project, and other expenditures;*

*(2) standards for annual financial audits by certified public accountants, procedures for the board to follow before ordering state financial and performance audits as determined by the board, and procedures for charging the costs of financial and performance audits to the watershed management organization; and*

*(3) requirements for the content of annual activity reports to the board, which must include the number and type of permits issued, complaints received, plan and ordinance violations, projects constructed, new officers installed, variances granted, status of local unit adoption and enforcement of model ordinance requirements, and financial conditions of the watershed management organization.*

Sec. 20. [473.880] [RULE REVIEW.]

*The board of water and soil resources shall review the rules relating to sections 473.875 to 473.883 at least once every five years and adopt necessary amendments.*

Sec. 21. Minnesota Statutes 1988, section 473.879, subdivision 2, is amended to read:

Subd. 2. [STANDARDS; CONTENTS.] *(a) Each local plan, in the degree of detail required in the watershed plan, shall:*

*(a) (1) describe existing and proposed physical environment and land use;*

*(b) (2) define drainage areas and the volumes, rates, and paths of storm-water runoff;*

*(c) (3) identify areas and elevations for stormwater storage adequate to meet performance standards established in the watershed plan;*

*(d) (4) define water quality and water quality protection methods adequate to performance standards established in the watershed plan;*

*(e) (5) identify regulated areas; and*

*(f) (6) set forth an implementation program, including a description of official controls and, as appropriate, a capital improvement program.*

*(b) The board of water and soil resources shall adopt rules establishing minimum local plan standards and a model environmental management ordinance for use by local government units in implementing local water plans. The standards apply to plan amendments made to conform to changes in the watershed plans that are adopted under the board rules required by section 14.*

Sec. 22. Minnesota Statutes 1988, section 473.881, is amended to read:  
473.881 [NO EXEMPTION FROM LEVY LIMIT.]

Any levy to pay the increased costs to a local government unit or watershed management organization of implementing sections 473.878 and 473.879 or to pay costs of improvements and maintenance of improvements identified in an approved and adopted plan shall be in addition to any other taxes authorized by law and shall be disregarded in the calculation of limits on taxes imposed by chapter 275, except levies pursuant to section 473.883, subdivision 7, for taxes payable in 1985 and thereafter. Notwithstanding any provision to the contrary in chapter 112, a watershed district may levy a tax sufficient to pay the increased costs to the district of implementing sections 473.878 and 473.879. The proceeds of any tax levied under this section shall be deposited in a separate fund and expended only for the purposes authorized by this section. *Watershed management organizations and local government units may accumulate the proceeds of levies as an alternative to issuing bonds to finance improvements. The amount authorized under this section and levied by a governmental subdivision is not exempt from sections 275.50 to 275.56.*

Sec. 23. Minnesota Statutes 1988, section 473.882, subdivision 1, is amended to read:

Subdivision 1. [WATERSHED MANAGEMENT TAX DISTRICT.] (a) Any local government unit planning for water management under sections 473.878 and 473.879 may establish a watershed management tax district in the territory within the watershed, for the purpose of paying the costs of the planning required under sections 473.878 and 473.879.

(b) Any local government unit which has part of its territory within a watershed for which a plan has been adopted in accordance with section 473.878 and which has a local water management plan adopted in accordance with section 473.879 may establish a watershed management tax district in the territory within the watershed or a ~~minor watershed subwatershed~~ unit in the watershed, for the purpose of paying capital costs of the water management facilities described in the capital improvement program of the plans and for the purpose of paying for normal and routine maintenance of the facilities.

(c) A county or counties required by section 473.878, subdivision 2, to prepare, adopt, and implement a watershed plan shall apportion the costs of planning, capital improvements, and maintenance proportionate to benefits. The county may apportion the costs among the ~~minor watershed subwatershed~~ units in the watershed, or among the statutory and home rule charter cities and towns having territory in the watershed, and for this purpose may establish more than one watershed management tax district in the watershed.

Sec. 24. Minnesota Statutes 1988, section 473.883, subdivision 3, is amended to read:

Subd. 3. [APPORTIONMENT OF COSTS.] If the territory of the watershed management organization extends into more than one county, the cost of the improvement shall be certified to the respective county boards in the proportions prescribed in the capital improvement program of the organization. The certification of the watershed management organization may apportion the cost among some or all of the ~~minor watershed subwatershed~~ units in the watershed and for this purpose may require the establishment of more than one tax district in the watershed.

Sec. 25. Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6, is amended to read:

Subd. 6. [TAX.] For the payment of principal and interest on the bonds issued under subdivision 5 and the payment required under subdivision 4, the county shall irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property located within the territory of the watershed management organization or ~~minor watershed~~ *subwatershed* unit for which the bonds are issued. Each year until the reserve for payment of the bonds is sufficient to retire the bonds, the county shall levy on all taxable property in the territory of the organization or unit, without respect to any statutory or other limitation on taxes, an amount of taxes sufficient to pay principal and interest on the bonds and to restore any deficiencies in reserves required to be maintained for payment of the bonds. The tax levied on rural towns other than urban towns may not exceed 0.02418 percent of taxable market value, unless approved by resolution of the town electors. If at any time the amounts available from the levy on property in the territory of the organization are insufficient to pay principal and interest on the bonds when due, the county shall make payment from any available funds in the county treasury. The amount of any taxes which are required to be levied outside of the territory of the watershed management organization or unit or taken from the general funds of the county to pay principal or interest on the bonds shall be reimbursed to the county from taxes levied within the territory of the watershed management organization or unit.

Sec. 26. Minnesota Statutes 1988, section 473.883, subdivision 7, is amended to read:

Subd. 7. [MAINTENANCE LEVY.] For the purpose of creating a maintenance fund to be used for normal and routine maintenance of a work of improvement constructed in whole or part with money provided by the county pursuant to subdivision 4, the board of managers of a watershed district, with the approval of the county, may impose an ad valorem levy on all property located within the territory of the watershed district or ~~minor watershed~~ *subwatershed* unit. The levy shall be certified, levied, collected, and distributed as provided in section 112.611, and shall be in addition to any other money levied and distributed to the district thereunder. The proceeds of the levy shall be deposited in a separate maintenance and repair account to be used only for the purpose for which the levy was made.

Sec. 27. [DRAINAGE SYSTEM REPORT.]

*Drainage authorities in the metropolitan area shall inventory and evaluate public ditches under their jurisdiction, prepare a report describing the general condition of the public ditch following the criteria under Minnesota Statutes, section 106A.015, and submit the report to the board of water and soil resources by July 1, 1992. The board shall provide guidance and technical assistance to the drainage authorities in meeting this requirement.*

Sec. 28. [COOPERATION IN PLANNING.]

*The council shall establish an advisory water quality management task force to assist the council in the plans and recommendations required by section 5. The council and the board shall coordinate agency activities and technical assistance to watershed management organizations and local governments to achieve the maximum benefit from staff resources.*

**Sec. 29. [APPLICATION.]**

*Sections 5 to 28 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.*

**Sec. 30. [APPROPRIATION.]**

*\$57,000 previously appropriated from the general fund to the board of water and soil resources for fiscal year 1991, including appropriations in Laws 1989, chapters 269, section 9; and 326, article 10, section 1, subdivision 4, either for administrative costs or for grants, is available to be used to carry out this act.*

**Sec 31. [EFFECTIVE DATE.]**

*Sections 9, subdivisions 2 and 4; and 19, are effective July 1, 1992. Section 22 is effective for taxes levied in 1989, payable in 1990, and subsequent years."*

Delete the title and insert:

"A bill for an act relating to environment and natural resources; amending provisions relating to metropolitan water management organizations; providing legislative commission oversight of the metropolitan water management act; providing for appointment of metropolitan watershed district managers from residents within the district; authorizing management and financing of drainage systems under certain laws; clarifying water management purposes; providing for removal for just cause of members of watershed management organization boards; authorizing a technical advisory committee; requiring watershed management organizations to prepare newsletters, annual reports, and audits; providing for preparation of watershed plans and implementation of plans; providing penalties for not implementing plans; authorizing and directing the board of water and soil resources to adopt rules; providing for appeal of plan failures; providing for requests for proposals for certain services; authorizing accumulation of levy proceeds; appropriating money; requiring a drainage system report; amending Minnesota Statutes 1988, sections 110B.28; 110B.30; 112.42, subdivision 3; 473.875; 473.876, by adding a subdivision; 473.877, subdivision 1; 473.878, subdivisions 1, 1a, 2, 3, 4, 6, 8, and by adding subdivisions; 473.879, subdivision 2; 473.881; 473.882, subdivision 1; and 473.883, subdivisions 3 and 7; Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 112 and 473."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Gregory L. Dahl, Steven G. Novak, Fritz Knaak

House Conferees: (Signed) Len Price, Alice M. Johnson, Teresa Lynch

Mr. Dahl moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1894 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. 1894 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	McGowan	Piper
Anderson	Dahl	Johnson, D.E.	McQuaid	Pogemiller
Beckman	Davis	Johnson, D.I.	Metzen	Purfeerst
Belanger	Decker	Knaak	Moe, R.D.	Ramstad
Benson	DeCramer	Kroening	Morse	Reichgott
Berg	Flynn	Laidig	Novak	Schmitz
Berglin	Frank	Langseth	Olson	Solon
Bernhagen	Frederick	Lantry	Pariseau	Spear
Bertram	Frederickson, D.J.	Larson	Pehler	Storm
Brandl	Frederickson, D.R.	Luther	Peterson, R.W.	Stumpf
Brataas	Gustafson	Marty	Piepho	Vickerman

Mr. Renneke 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. 2195 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2195

A bill for an act relating to waste; prohibiting certain types of low-level radioactive waste from being disposed of at other than licensed facilities; providing for a task force on radioactive waste deregulation; proposing coding for new law in Minnesota Statutes, chapter 116C.

April 24, 1990

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. 2195, 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. 2195 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 115A.94, subdivision 3, is amended to read:

Subd. 3. [GENERAL PROVISIONS.] (a) The local government unit may organize collection as a municipal service or by ordinance, franchise, license, negotiated or bidded contract, or other means, using one or more collectors or an organization of collectors.

(b) The local government unit may not establish or administer organized collection in a manner that impairs the preservation and development of recycling and markets for recyclable materials. The local government unit shall exempt recyclable materials from organized collection upon a showing by the generator or collector that the materials are or will be separated from mixed municipal solid waste by the generator, separately collected, and delivered for reuse in their original form or for use in a manufacturing



process.

(c) The local government unit ~~may~~ shall invite and employ the assistance of interested persons, including persons ~~operating~~ licensed to operate solid waste collection services in the local government unit, in developing plans and proposals for organized collection and in establishing the organized collection system.

(d) Organized collection accomplished by contract or as a municipal service may include a requirement that all or any portion of the solid waste, except (1) recyclable materials and (2) materials that are processed at a resource recovery facility at the capacity in operation at the time that the requirement is imposed, be delivered to a waste facility identified by the local government unit. In a district or county where a resource recovery facility has been designated by ordinance under section 115A.86, organized collection must conform to the requirements of the designation ordinance.

Sec. 2. Minnesota Statutes 1988, section 115A.94, subdivision 4, is amended to read:

Subd. 4. [CITIES AND TOWNS; NOTICE: PLANNING.] (a) At least ~~90~~ 180 days before ~~proposing~~ implementing an ordinance, franchise, license, contract or other means of organizing collection, a city or town, by resolution of the governing body, shall announce its intent to organize collection and invite the participation of interested persons, including persons licensed to operate solid waste collection services, in planning and establishing the organized collection system.

(b) The resolution of intent must be adopted after a public hearing. The hearing must be held at least two weeks after public notice and mailed notice to persons known by the city or town to be operating solid waste collection services in the city or town. The failure to give mailed notice to persons or defect in the notice does not invalidate the proceedings, provided a bona fide effort to comply with notice requirements has been made.

(c) During ~~the~~ a 90-day period following the resolution of intent, ~~and before proposing a method of organizing collection,~~ the city or town shall develop or supervise the development of plans or proposals for organized collection. *During this 90-day planning period, the city or town shall invite and employ the assistance of persons licensed as of the date of the resolution of intent to operate solid waste collection services in the city or town. Failure of a licensed collector to participate in the 90-day planning period, when the city or town has made a bona fide effort to provide the person the opportunity to participate, does not invalidate the planning process.*

(d) *For 90 days after the date ending the planning period required under paragraph (c), the city or town shall discuss possible organized collection arrangements with all licensed collectors operating in the city or town who have expressed interest. If the city or town is unable to agree on an organized collection arrangement with a majority of the licensed collectors who have expressed interest, or upon expiration of the 90 days, the city or town may propose implementation of an alternate method of organizing collection as authorized in subdivision 3.*

(e) *The city or town shall make specific findings that:*

*(1) describe in detail the procedures it used to plan and to attempt implementation of organized collection through an arrangement with collectors who expressed interest; and*

(2) *evaluate the proposed organized collection method in light of at least the following standards: achieving the stated organized collection goals of the city or town; minimizing displacement of collectors; ensuring participation of all interested parties in the decision-making process; and maximizing efficiency in solid waste collection.*

~~(4)~~ (f) Upon request, the city or town shall provide mailed notice of ~~subsequent~~ all proceedings on the organization of collection in the city or town.

Sec. 3. Minnesota Statutes 1988, section 116C.712, subdivision 5, is amended to read:

Subd. 5. [ASSESSMENT.] (a) A person, firm, corporation, or association in the business of owning or operating a nuclear fission electrical generating plant in this state shall pay an assessment to cover the cost of:

(1) monitoring the federal high-level radioactive waste program under the Nuclear Waste Policy Act, United States Code, title 42, sections 10101 to 10226;

(2) advising the governor and the legislature on policy issues relating to the federal high-level radioactive waste disposal program;

(3) surveying existing literature and activity relating to radioactive waste management, including storage, transportation, and disposal, in the state; ~~and~~

(4) *an advisory task force on low-level radioactive waste deregulation, created by a law enacted in 1990 until July 1, 1996; and*

(5) other general studies necessary to carry out the purposes of this subdivision.

The assessment must not be more than the appropriation to the state planning agency 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.

(d) *The state planning agency must report annually by July 1 to the legislative commission on waste management on activities assessed under paragraph (a).*

Sec. 4. [116C.851] [DEFINITIONS.]

Subdivision 1. [FACILITY.] "*Facility*" has the meaning given in section

116C.831, article II, paragraph (f).

*Subd. 2. [LOW-LEVEL RADIOACTIVE WASTE.] "Low-level radioactive waste" means waste that consists of or contains class A, B, or C radioactive waste as defined by Code of Federal Regulations, title 10, section 61.55, as in effect on January 26, 1983.*

Sec. 5. [116C.852] [LOW-LEVEL RADIOACTIVE WASTE DISPOSAL.]

*No low-level radioactive waste may be treated, recycled, stored, or disposed of in this state except at a facility that is specifically licensed for treatment, recycling, storage, or disposal of low-level radioactive waste regardless of whether or not the waste has been reclassified as "below regulatory concern" by the United States Nuclear Regulatory Commission pursuant to a generic rule or standard adopted after January 1, 1990.*

Sec. 6. [ADVISORY TASK FORCE.]

*(a) The commissioner of the pollution control agency shall appoint an advisory task force on low-level radioactive waste deregulation. The task force must include representatives from the office of waste management, pollution control agency, department of health, a public interest consumer advocate organization, organized labor, environmental organizations, and affected industry. The task force shall evaluate information available on a national and international level. The members shall serve without compensation.*

*(b) The advisory task force shall report to the advisory committee under Minnesota Statutes, section 116C.839 and the senate and house committees on environment.*

*(c) The amount of the expenses of the study and the advisory task force are appropriated from the general fund to the commissioner of the pollution control agency. The director of the state planning agency shall make an assessment under Minnesota Statutes, section 116C.712, subdivision 5, to cover the cost of the expenses for the task force and the study expenses under section 7. The assessment shall be deposited in the general fund and credited for this purpose.*

Sec. 7. [DUTIES OF THE ADVISORY TASK FORCE ON LOW-LEVEL RADIOACTIVE WASTE DEREGULATION.]

*The advisory task force on low-level radioactive waste deregulation shall:*

*(1) design and initiate a study that will be a cost-benefit analysis of deregulation of "low-level" radioactive waste costs, including health, and environmental costs and effects, including both dollar and nondollar effects in both the long-term and the short-term;*

*(2) determine who will conduct the study;*

*(3) determine the timelines for the study;*

*(4) evaluate the cost-benefit study; and*

*(5) make a recommendation on continuation of the moratorium and other recommendations to the legislature by January 1, 1994.*

Sec. 8. [REPEALER.]

*Sections 4 to 7 are repealed effective June 30, 1996.*

Sec. 9. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective August 1, 1990, and apply to cities, towns, and counties that initiate action to organize solid waste collection on or after that date. Sections 3 to 7 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to waste; regulating the organized collection of solid waste; regulating the disposal of low-level radioactive waste for a limited period of time; creating a task force on low-level radioactive waste regulation for a limited period of time; appropriating money; amending Minnesota Statutes 1988, sections 115A.94, subdivisions 3 and 4; and 116C.712, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 116C."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Steven Morse, Fritz Knaak, John J. Marty

House Conferees: (Signed) Lee Greenfield, Loren G. Jennings, Dennis Ozment

Mr. Morse moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2195 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. 2195 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	DeCramer	Knutson	Metzen	Purfeerst
Anderson	Flynn	Kroening	Moe, D.M.	Ramstad
Beckman	Frank	Laidig	Moe, R.D.	Reichgott
Belanger	Frederick	Langseth	Morse	Renneke
Berglin	Frederickson, D.J.	Lantry	Novak	Schmitz
Bernhagen	Frederickson, D.R.	Larson	Olson	Solon
Bertram	Freeman	Lessard	Pariseau	Storm
Brandl	Gustafson	Luther	Pehler	Stumpf
Cohen	Hughes	Marty	Peterson, R.W.	Vickerman
Dahl	Johnson, D.E.	McGowan	Piepho	
Davis	Johnson, D.J.	McQuaid	Piper	
Decker	Knaak	Merriam	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. 2421 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2421

A bill for an act relating to elections; presidential primary; changing the primary date; providing procedures for conducting the primary; changing the requirements for being a candidate at the primary; allowing voters to

prefer uncommitted delegates; allowing write-in votes; providing for voter receipt of ballots; eliminating the provision that the primary winner is the party's endorsed candidate; changing the apportionment of party delegates; requiring provision of certain information to interested persons; amending Minnesota Statutes 1988, sections 204B.06, by adding a subdivision; 204B.11, subdivision 2; Minnesota Statutes 1989 Supplement, sections 207A.01; 207A.02; 207A.03; 207A.04; and 207A.06, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 207A; repealing Minnesota Statutes 1989 Supplement, section 207A.05.

April 24, 1990

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. 2421, 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. 2421 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 10A.15, subdivision 3b, is amended to read:

Subd. 3b. ~~[BY INDIVIDUAL MEMBERS OF POLITICAL FUND OR COMMITTEE ATTRIBUTABLE CONTRIBUTIONS.]~~ Contributions made to a candidate or principal campaign committee by individual members of a political fund or committee that are solicited directed to that candidate or principal campaign committee by the a 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 or is operated primarily to solicit or direct the contributions of its members and other than from its own funds 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. one or more candidates or principal campaign committees. The treasurer of the political fund or committee shall advise the candidate or the candidate's principal campaign committee if the contribution or contributions are not from the funds of the political fund or the political committee and the original source of the funds. As used in this subdivision, the term "direct" includes, but is not limited to, order, command, control, or instruct. A violation of this subdivision is a violation of section 10A.29.

Sec. 2. Minnesota Statutes 1988, section 204B.06, is amended by adding a subdivision to read:

Subd. 1a. [PRESIDENTIAL PRIMARY AFFIDAVIT.] An affidavit of candidacy for the presidential primary must include the candidate's name, address, office sought, and the candidate's political party or principal in three words or less. The affidavit must include a statement that the candidate satisfies the federal constitutional requirements for holding office.

Sec. 3. Minnesota Statutes 1988, section 204B.11, subdivision 2, is

amended to read:

Subd. 2. [PETITION IN PLACE OF FILING FEE.] At the time of filing an affidavit of candidacy, a candidate may present a petition in place of the filing fee. The petition may be signed by any individual eligible to vote for the candidate. A nominating petition filed pursuant to section 204B.07 or 204B.13, subdivision 4, is effective as a petition in place of a filing fee if the nominating petition includes a prominent statement informing the signers of the petition that it will be used for that purpose.

The number of signatures on a petition in place of a filing fee shall be as follows:

(a) For a state office voted on statewide, or for *president of the United States, or United States senator*, 2,000;

(b) For a congressional office, 1,000;

(c) For a county or legislative office, or for the office of district, county or county municipal judge, 500; and

(d) For any other office which requires a filing fee as prescribed by law, municipal charter or ordinance, the lesser of 500 signatures or five percent of the total number of votes cast in the municipality, ward or other election district at the preceding general election at which that office was on the ballot.

An official with whom petitions are filed shall make sample forms for petitions in place of filing fees available upon request.

Sec. 4. Minnesota Statutes 1989 Supplement, section 207A.01, is amended to read:

**207A.01 [PRESIDENTIAL PRIMARY.]**

A presidential primary must be held on the ~~fourth~~ *first* Tuesday in ~~February~~ *April* of each year in which a president and vice president of the United States are to be nominated and elected, at which the voters of this state may express their preference among the candidates of the major political party of their choice, for that party's nomination to be president of the United States *or may vote for uncommitted delegates to the national party convention*. For the purposes of sections 207A.01 to 207A.07, "political party" or "party" means a political party as defined in section 200.02, subdivision 7.

Sec. 5. Minnesota Statutes 1989 Supplement, section 207A.02, is amended to read:

**207A.02 [CANDIDATES ON BALLOT.]**

Subdivision 1. [REQUIRED LISTING.] The following individuals must be listed as candidates on the appropriate major political party presidential ballot with a separate ballot for each major political party:

(1) any individual ~~whose name has been entered as a candidate for the nomination of a major political party in presidential primaries in two or more other states during the same year who files an affidavit of candidacy pursuant to section 204B.06 and submits the appropriate filing fee or petition in place of filing fee pursuant to section 204B.11;~~ and

(2) any individual nominated as a candidate for the presidential nomination of a political party by a petition *submitted not later than ten weeks*

before the primary and bearing the names of ~~2,000~~ 1,000 eligible voters from each congressional district.

*In addition, each major political party's ballot must contain a place for a voter to indicate a preference for having delegates to the party's national convention remain uncommitted, and a blank line printed below the other choices on the ballot so that a voter may write in the name of a person who is not listed on the ballot.*

*Subd. 1a. [TIME FOR FILING; FEE.] The period for filing an affidavit of candidacy for the presidential primary must begin 16 weeks before the primary and end 14 weeks before the primary. The filing fee is \$500. The period for signing nominating petitions must begin 16 weeks before the primary and end ten weeks before the primary.*

*Subd. 2. [~~TENTATIVE LISTING ANNOUNCING CANDIDATES.~~] A ~~tentative determination of the Candidates to be listed~~ who have filed an affidavit of candidacy pursuant to subdivision 1, clause (1), for each political party on the presidential primary ballot must be announced by the secretary of state ~~ten weeks before the primary~~ the day after filings close for the purpose of giving voters sufficient time to nominate ~~unlisted~~ other candidates by petition.*

*Subd. 3. [ANNOUNCEMENT.] The determination of which candidates must be listed on the presidential primary ballot must be made by the secretary of state not later than ~~six~~ eight weeks before the presidential primary. The secretary of state shall certify to the county auditor of each county the names of all candidates in the presidential primary at least seven weeks before the primary.*

*Subd. 4. [NOTIFICATION.] Not later than three days after the last day for filing a nominating petition pursuant to subdivision 1, clause (2), the secretary of state shall notify each individual whose name is to be listed on the presidential primary ballot that the individual's name will be listed unless the individual submits an affidavit stating that the individual is not a candidate for the presidential nomination, does not intend to become a candidate, and would not accept the nomination. The affidavit must be submitted to and received by the secretary of state no later than ~~five~~ eight weeks before the presidential primary.*

Sec. 6. Minnesota Statutes 1989 Supplement, section 207A.03, is amended to read:

207A.03 [PRESIDENTIAL PRIMARY; HOW CONDUCTED.]

*Subdivision 1. [GENERAL RULE.] Except as otherwise provided in sections 207A.01 to 207A.07, the presidential primary must be ~~announced, held, and~~ conducted, and the results canvassed and returned in the manner provided by law for ~~other primaries and in accordance with the general election laws of the state, as applicable~~ the state primary. If a municipality which uses lever voting machines or an electronic voting system determines that the use of the machines or voting system would not be practical in the presidential primary, the municipality may use a paper ballot for the presidential primary.*

*Subd. 2. [VOTER CERTIFICATION; BALLOT.] An individual seeking to vote at the presidential primary shall request the ballot of the party for whose candidates the individual wishes to vote. The voter registration certificate or duplicate registration file for the presidential primary must*

*list the names of the political parties appearing on the ballot at the presidential primary. Before receiving a ballot, a voter shall sign the voter's certificate or duplicate registration file and shall place a check mark beside the name of the political party whose ballot the voter requested.*

Sec. 7. Minnesota Statutes 1989 Supplement, section 207A.04, is amended to read:

**207A.04 [AUDITOR FURNISHED INFORMATION BY SECRETARY OF STATE; BALLOT PREPARATION.]**

Subdivision 1. [NOTICE OF FILING PERIOD.] ~~Before December 1 of the year~~ *Twenty weeks* before a presidential primary is to be held, the secretary of state shall provide notice to the county auditor of each county of the date of the presidential primary. *Within ten days after notification by the secretary of state, each county auditor shall provide notice of the date of the presidential primary to each municipal clerk in the county.*

*Subd. 2. [NOTICE OF PRIMARY.] At least 15 days before the date of the presidential primary, each municipal clerk shall post a public notice stating the date of the presidential primary, the location of each polling place in the municipality, and the hours during which the polling places in the municipality will be open. The county auditor shall post a similar notice in the auditor's office with information for any polling places in unorganized territory in the county. The governing body of a municipality or county may publish the notice in addition to posting it. Failure to give notice does not invalidate the election.*

*Subd. 2 3. [BALLOT PREPARATION.] The secretary of state shall prepare paper ballots, absentee ballot envelopes, ballot return envelopes, election return envelopes, and summary statements for use in the presidential primary. The ballots must be printed on white paper with a separate ballot for the names of the candidates of each political party.*

Sec. 8. Minnesota Statutes 1989 Supplement, section 207A.06, is amended to read:

**207A.06 [SELECTION OF DELEGATES; NATIONAL CONVENTION BALLOTING.]**

Subdivision 1. [APPORTIONMENT OF VOTES.] The delegates to the national convention of each political party appearing on the presidential primary ballot *who are chosen on the basis of their support for particular presidential candidates* must be apportioned among the various candidates of that party receiving votes in the presidential primary, in proportion to their respective vote totals.

The secretary of state shall certify to the state chairperson of each political party appearing on the presidential primary ballot the number of delegates to which each presidential candidate is entitled.

Subd. 2. [CHOSEN DELEGATES.] Delegates to the national convention of each political party appearing on the presidential primary ballot must be chosen by the state convention *or congressional district convention* of that party, except as otherwise provided in this subdivision. The secretary of each party's state convention *or congressional district convention* shall promptly notify the secretary of state of the names of the delegates to the national convention chosen as supporters of each presidential candidate. ~~Only supporters of candidates whose names appeared on the presidential primary ballot may be chosen by the state convention of that party to be~~



~~delegates to the national convention. The secretary of state shall promptly notify each presidential candidate of the names of the delegates to the national convention chosen as supporters of that candidate. If the presidential candidate determines that the delegates chosen as supporters by the state convention are not in fact committed to the candidate's candidacy, the candidate shall, within ten days of receiving the notification from the secretary of state, advise the secretary of state of the names of those delegates to whom the candidate objects on those grounds and shall name as substitute delegates any other individuals who are committed to the candidacy. The determination and selection by the presidential candidate shall take precedence over the decision of the state convention and is final. The secretary of state shall promptly notify the secretary of the state convention of the affected political party of the action by a presidential candidate.~~

Subd. 3. [DELEGATE VOTES.] At the national convention, delegates chosen because of their support for a presidential candidate shall vote for that candidate on the first ballot at the national convention regardless of the number of votes the candidate receives, and shall also vote for the candidate on the second and third ballots if the candidate receives at least 20 percent of the votes cast on the preceding ballot, unless they have been released from that obligation by the candidate. *This subdivision does not apply to delegates to the extent that it is inconsistent with the rules of the national party or state party.*

Sec. 9. [207A.08] [INFORMATION ON PARTY CHOICE.]

*Notwithstanding section 204C.18, subdivision 1, or other law to the contrary, a person entitled to inspect the duplicate registration file or receive a copy of a current precinct list under section 201.091, must also be informed of the party choice of any voter who voted in the most recent presidential primary under this chapter.*

Sec. 10. [207A.09] [RULEMAKING AUTHORITY.]

*The secretary of state shall adopt rules to implement the provisions of this chapter as follows:*

- (1) to implement section 9;*
- (2) to determine a method for verifying the signatures on nominating petitions and petitions in place of filing fees for the presidential primary;*
- (3) to determine the format of the presidential primary ballots; and*
- (4) to determine the manner of paying or reimbursing the costs to the counties of conducting the presidential primary.*

Sec. 11. [REGIONAL PRIMARY STUDY.]

*The secretary of state shall study the feasibility of Minnesota's joining any other state to hold a regional presidential primary and shall report conclusions to the chairs of the general legislation, veterans affairs and gaming committee in the house of representatives and the elections and ethics committee in the senate by February 1, 1991.*

Sec. 12. [REPEALER.]

*Minnesota Statutes 1989 Supplement, section 207A.05, is repealed."*

Delete the title and insert:

"A bill for an act relating to elections; presidential primary; changing

the primary date; providing procedures for conducting the primary; changing the requirements for being a candidate at the primary; allowing voters to prefer uncommitted delegates; allowing write-in votes; providing for voter receipt of ballots; eliminating the provision that the primary winner is the party's endorsed candidate; changing the apportionment of party delegates; requiring provision of certain information to interested persons; amending Minnesota Statutes 1988, sections 10A.15, subdivision 3b; 204B.06, by adding a subdivision; and 204B.11, subdivision 2; Minnesota Statutes 1989 Supplement, sections 207A.01; 207A.02; 207A.03; 207A.04; and 207A.06; proposing coding for new law in Minnesota Statutes, chapter 207A; repealing Minnesota Statutes 1989 Supplement, section 207A.05."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) William P. Luther, Richard J. Cohen, Gary W. Laidig

House Conferees: (Signed) Linda Scheid, Todd Otis, Ron Abrams

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2421 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. 2421 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 3, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Metzen	Renneke
Anderson	Decker	Knutson	Moe, R.D.	Samuelson
Beckman	DeCramer	Kroening	Morse	Schmitz
Belanger	Flynn	Laidig	Novak	Spear
Benson	Frank	Langseth	Olson	Storm
Berg	Frederick	Lantry	Pariseau	Stumpf
Berglin	Frederickson, D.J.	Larson	Pehler	Vickerman
Bernhagen	Frederickson, D.R.	Lessard	Piepho	Waldorf
Bertram	Freeman	Luther	Pogemiller	
Brataas	Gustafson	Marty	Purfeerst	
Cohen	Hughes	McGowan	Ramstad	
Dahl	Johnson, D.E.	McQuaid	Reichgott	

Messrs. Dicklich, Merriam and 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

### RECONSIDERATION

Mr. Hughes moved that the vote whereby the Conference Committee Report on S.F. No. 1777 was rejected and the bill was returned to the Conference Committee on April 23, 1990, be now reconsidered.

S.F. No. 1777: A bill for an act relating to Ramsey county; setting the terms of charter commission members; amending Minnesota Statutes 1988, section 383A.553, subdivision 1.

**CALL OF THE SENATE**

Mr. Waldorf imposed a call of the Senate for the balance of the proceedings on S.F. No. 1777. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Hughes.

The roll was called, and there were yeas 36 and nays 23, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	Merriam	Schmitz
Anderson	Davis	Johnson, D.E.	Moe, D.M.	Spear
Beckman	Decker	Kroening	Moe, R.D.	Vickerman
Belanger	DeCramer	Langseth	Morse	Waldorf
Berg	Flynn	Lantry	Pariseau	
Berglin	Frederickson, D.J.	Lessard	Peterson, R.W.	
Brandl	Frederickson, D.R.	Luther	Piper	
Brataas	Freeman	McQuaid	Renneke	

Those who voted in the negative were:

Bertram	Johnson, D.J.	McGowan	Piepho	Samuelson
Dicklich	Knaak	Metzen	Pogemiller	Solon
Frank	Knutson	Novak	Purfeerst	Stumpf
Frederick	Larson	Olson	Ramstad	
Gustafson	Marty	Pehler	Reichgott	

The motion prevailed. So the vote was reconsidered.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1777**

A bill for an act relating to Ramsey county; setting the terms of charter commission members; amending Minnesota Statutes 1988, section 383A.553, subdivision 1.

April 23, 1990

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. 1777, 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) Richard J. Cohen, Gene Waldorf

House Conferees: (Signed) Dick Kostohryz, Mary Jo McGuire, Don Valento

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1777 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion did not prevail.

Mr. Cohen moved that S.F. No. 1777 and the Conference Committee Report thereon be 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 Senate File No. 2160, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2160: A bill for an act relating to education; providing for the environmental education act; creating the office of environmental education; proposing coding for new law as Minnesota Statutes, chapter 126A; repealing Minnesota Statutes 1988, sections 116E.01; 116E.02; 116E.03, subdivisions 2, 3, 4, 5, 6, 7, 7a, 8, and 9; and 116E.04; Minnesota Statutes 1989 Supplement, sections 116E.03, subdivision 1; and 116E.035.

Senate File No. 2160 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 576: A bill for an act relating to human services; providing that medical certification for general assistance benefits may be made by a licensed chiropractor; amending Minnesota Statutes 1988, section 256D.02, by adding a subdivision.

There has been appointed as such committee on the part of the House: Jefferson, Ogren, Tjornhom, Kelso and Rodosovich.

Senate File No. 576 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2317, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2317: A bill for an act relating to utilities; providing for the assessment of expenses for adjudicating service area disputes to municipal electric utilities; providing for civil penalties for violations of chapter 237; reestablishing the position of program administrator of the telecommunications access for communication-impaired persons board; extending the

electric utility service area task force until 1992; requiring a study; appropriating money; amending Minnesota Statutes 1988, sections 216B.62, subdivision 5; and 237.51, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 237.

Senate File No. 2317 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2126, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2126: A bill for an act relating to health; providing regulations for bulk pesticide storage; amending provisions relating to pesticide registration fees and application fees; requiring permits for sources of irrigation water; requiring a permit for construction of a fertilizer distribution facility; requiring a responsible party to immediately take reasonable action necessary to abate an agricultural chemical incident; requiring certain administrative hearings on contested orders within 14 days; crediting certain agricultural penalties to the pesticide or fertilizer regulatory accounts; amending provisions relating to the registration surcharge and the agricultural chemical response and reimbursement fee; appropriating money from the general fund to be reimbursed with response and reimbursement fees; amending provisions relating to response and reimbursement eligibility; providing commissioner of agriculture authority under chapter 115B for agricultural chemical incidents; clarifying requirements for water well construction and ownership; clarifying provisions for at-grade monitoring wells; establishing reduced isolation distances for facilities with safeguards; clarifying conditions to issue a limited well contractor's license; amending effective dates; amending appropriations; amending Minnesota Statutes 1988, sections 18B.14, subdivision 2; 18B.27, subdivision 3; 18B.28, subdivision 4; 105.37, by adding a subdivision; 105.41, subdivision 4, and by adding a subdivision; 115B.02, subdivisions 3, 4, and by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 18B.26, subdivision 3; 18C.205, subdivision 2; 18C.305, subdivision 1; 18D.103, subdivision 1; 18D.321, subdivision 2; 18E.03, subdivisions 3, 4, 5, and by adding a subdivision; 18E.04, subdivision 1; 103B.3369, subdivision 5; 103I.005, subdivisions 2, 8, 9, 16, and by adding a subdivision; 103I.101, subdivisions 2, 5, and 6; 103I.111, subdivision 5, and by adding a subdivision; 103I.205, subdivisions 1, 2, 4, 5, 6, and 8; 103I.208, subdivision 2; 103I.235; 103I.301, subdivision 3; 103I.311, subdivision 3; 103I.325, subdivision 2; 103I.525, subdivisions 1, 5, and 6; 103I.531, subdivision 4; 103I.541, subdivision 1, and by adding subdivisions; 103I.681; 103I.685; 103I.691; 103I.705, subdivisions 2 and 3; 105.41, subdivisions 1c and 5a; 115B.20, subdivision 1; 116C.69, subdivision 3; Laws 1989, chapters 326, article 3, section 49; article 6, section 33, subdivision 2; article 8, section 10; and 335, article 1, section 23, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 18D and 103I; repealing Minnesota Statutes 1988, section 115B.17, subdivision 8; Minnesota Statutes 1989

Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; 103I.325, subdivision 1; and 103I.533.

Senate File No. 2126 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1813, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1813: A bill for an act relating to human services; amending the Medicare certification requirement for nursing homes; amending Minnesota Statutes 1989 Supplement, section 256B.48, subdivision 6.

Senate File No. 1813 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2195, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2195: A bill for an act relating to waste; prohibiting certain types of low-level radioactive waste from being disposed of at other than licensed facilities; providing for a task force on radioactive waste deregulation; proposing coding for new law in Minnesota Statutes, chapter 116C.

Senate File No. 2195 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1894, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1894: A bill for an act relating to environment and natural resources; amending provisions relating to water management organizations; providing legislative commission oversight of the metropolitan water management act; authorizing management and financing of drainage systems under certain laws; clarifying water management purposes; authorizing counties to remove watershed district managers for just cause; authorizing

a technical advisory committee; requiring watershed management organizations to prepare newsletters, annual reports, and audits; providing for preparation of watershed plans and implementation of plans; providing penalties for not implementing plans; authorizing and directing the board of water and soil resources to adopt rules; providing for appeal of plan failures; providing for requests for proposals for certain services; authorizing accumulation of levy proceeds; requiring a draining system report; appropriating money; amending Minnesota Statutes 1988, sections 110B.28; 110B.30; 112.42, by adding a subdivision; 473.875; 473.876, by adding a subdivision; 473.877, subdivision 1; 473.878, subdivisions 1, 1a, 2, 3, 4, 8, and by adding subdivisions; 473.879, subdivision 2; 473.881; 473.882, subdivision 1; and 473.883, subdivisions 3 and 7; Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 112 and 473.

Senate File No. 1894 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2177, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2177: A bill for an act relating to traffic safety; providing for administrative impoundment of license plates of vehicles owned by repeat violators of laws relating to driving while intoxicated; providing for issuance of special plates; requiring peace officers to serve a notice of intent to impound when serving a notice of intent to revoke the violator's driver's license; providing for administrative and judicial review of impoundment orders; eliminating the alcohol problem screening for persons convicted of offenses associated with driving under the influence of alcohol or a controlled substance; modifying procedures for chemical use assessments, programs, and funding; changing the maximum rate for reimbursement of counties from the general fund for the assessments; expanding the crime of refusing to submit to an implied consent test; requiring notice of certain enhanced penalties; expanding the crime of aggravated driving while intoxicated; removing requirement that negligence be proven for conviction of criminal vehicular operation if driver's alcohol concentration was 0.10 or more; imposing penalties for criminal vehicular operation resulting in substantial bodily harm; prohibiting constructive possession of alcohol in a private motor vehicle; expanding the definition of possession; changing provisions about aircraft operation while under the influence of alcohol or controlled substances; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 168.041, subdivisions 3, 8, and 10; 169.121, by adding a subdivision; 169.122, subdivision 2; 169.124, subdivision 1; 169.126, subdivisions 1, 2, 6, and by adding a subdivision; 169.129; and 360.015, subdivisions 1 and 6; Minnesota Statutes 1989 Supplement, sections 169.041, subdivision 4; 169.121, subdivisions 1a, 3, and 3b; 169.126, subdivision 4; 260.193, subdivision 8; and 609.21; proposing coding for new law in Minnesota Statutes, chapters 168 and 360;

repealing Minnesota Statutes 1988, sections 168.041, subdivision 3a; 169.124, subdivisions 2 and 3; 169.126, subdivisions 2, 3, and 4b; 360.075, subdivision 7; and 360.0751; Minnesota Statutes 1989 Supplement, sections 168.041, subdivision 4a; and 169.126, subdivision 4a.

Senate File No. 2177 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1966: A bill for an act relating to education; expanding open enrollment to bordering states; amending Minnesota Statutes 1988, section 120.062, by adding a subdivision; and Minnesota Statutes 1989 Supplement, section 120.062, subdivision 12.

Senate File No. 1966 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

### CONCURRENCE AND REPASSAGE

Mr. DeCramer moved that the Senate concur in the amendments by the House to S.F. No. 1966 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1966 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knutson	Moe, R.D.	Reichgott
Anderson	DeCramer	Kroening	Morse	Renneke
Beckman	Dicklich	Laidig	Novak	Samuelson
Belanger	Flynn	Langseth	Olson	Solon
Berglin	Frank	Lantry	Pariseau	Spear
Bernhagen	Frederick	Larson	Pehler	Storm
Bertram	Frederickson, D.J.	Marty	Peterson, R. W.	Stumpf
Brandl	Frederickson, D.R.	McGowan	Piepho	Vickerman
Brataas	Gustafson	McQuaid	Piper	
Cohen	Johnson, D.E.	Merriam	Pogemiller	
Dahl	Johnson, D.J.	Metzen	Purfeerst	
Davis	Knaak	Moe, D.M.	Ramstad	

Mr. Berg voted in the negative.

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



**MESSAGES FROM THE HOUSE - CONTINUED**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2478, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2478 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 24, 1990

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2478**

A bill for an act relating to the financing and operation of government in Minnesota; updating references to the Internal Revenue Code; changing the computation of aid to local units of governments; modifying the computation and administration of taxes and property tax refunds; providing tax deductions and exemptions; changing the tax rates; authorizing certain local governments to borrow money; providing a food shelf checkoff; changing definition of debt for the revenue recapture act; providing certain rights and remedies to taxpayers; modifying the requirements for the collection and expenditure of tax increments; repealing the increase in the maximum lodging tax; allowing the sale of certain tax forfeited land in Otter Tail county; allowing the cities of Bayport, Windom, and Jackson and the counties of Goodhue, Douglas, and Koochiching to levy taxes for certain purposes; requiring certain uses of tax increments by the city of Minneapolis; exempting the city of Moorhead from certain requirements; permitting the cities of Bloomington and Roseville to impose lodging taxes; changing truth-in-taxation requirements; requiring payment of the prevailing wage for financial assistance; requiring reports and studies; imposing and transferring powers and duties; changing certain effective dates; increasing certain fees; providing for payment of the greater Minnesota landfill fee; imposing a minimum fee on corporations; providing for withholding of certain refunds; requiring an appropriation by the metropolitan sports facilities commission; reducing and transferring appropriations; canceling certain debts; appropriating money; amending Minnesota Statutes 1988, sections 270.07, by adding a subdivision; 270.70, subdivisions 1, 2, 4, 8, and by adding subdivisions; 270.701, by adding a subdivision; 270.709, subdivision 1; 270A.03, subdivisions 2 and 5; 271.12; 271.19; 273.11, by adding a subdivision; 273.124, by adding a subdivision; 273.1398, by adding a subdivision; 273.42, subdivision 1; 275.065, by adding a subdivision; 276.111; 277.15; 279.03, subdivision 2, and by adding a subdivision; 279.06; 281.17; 282.01, subdivision 4; 282.014; 282.261, subdivision 2; 289A.11, as added, by adding a subdivision; 290.431; 290.50, by adding a subdivision; 290A.10; 290A.19; 296.02, subdivision 1a; 296.025, subdivision 1a; 296.06, subdivision 2; 296.12, subdivisions 1 and 2; 296.17, subdivisions 10 and 17; 297.07, subdivision 5; 297A.01, subdivision 15; 297A.25, by adding a subdivision; 298.015, subdivision 1; 298.017; 298.05; 298.24, subdivision 1; 469.059, subdivision 11; 469.129, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivision 12, and by adding subdivisions; 469.175, subdivision 1a, and by adding subdivisions; 469.176, subdivisions 2 and 3; 469.177, subdivision 8; 477A.011, subdivision 17, and by adding a

subdivision; 477A.012, subdivision 1, and by adding a subdivision; 477A.013, by adding a subdivision; 477A.03, subdivision 1; 477A.11, subdivision 4; 477A.13; and 500.24, subdivision 4; Minnesota Statutes 1989 Supplement, sections 270.10, subdivision 1a; 270.69, subdivision 11; 273.11, subdivision 1; 273.112, subdivision 3; 273.124, subdivisions 8 and 9; 275.08, subdivision 1d; 278.05, subdivision 4; 279.01, subdivision 1; 282.01, subdivision 1; 290.01, subdivision 19; 290A.04, subdivision 5; 290A.045, subdivision 7; 375.192, subdivision 2; 383.06; 410.32; 462.396, subdivision 2; 469.175, subdivision 4; 469.176, subdivision 4c; 469.177, subdivision 9; and 469.190, subdivisions 1 and 2; Minnesota Statutes Second 1989 Supplement, sections 3.885, subdivision 8; 60A.15, subdivision 1; 103B.3369, subdivisions 5 and 7; 272.02, subdivision 4; 273.13, subdivisions 22, 23, and 25; 273.1398, subdivisions 1 and 2; 273.371, subdivision 1; 275.065, subdivisions 1 and 6; 275.07, subdivision 1; 275.50, subdivision 5; 275.51, subdivision 3f; 276.09; 276.10; 276.11, subdivision 1; 277.01, subdivision 1; 277.02; 277.05; 277.06; 290.05, subdivision 1; 290.06, subdivision 1; 290.091, subdivision 2; 290.0921, subdivisions 1, 3, and by adding a subdivision; 290A.04, subdivision 2a; 290A.045, subdivision 6; 297A.01, subdivision 3; 297A.44, subdivision 1; 469.174, subdivisions 7 and 10; 469.175, subdivisions 3 and 7; 469.176, subdivisions 1 and 4j; 469.177, subdivision 10; 469.190, subdivision 3; 477A.011, subdivisions 1a and 25; and 477A.013, subdivisions 3 and 5; Laws 1988, chapter 719, article 12, section 30, as amended; Laws 1989, chapters 326, article 3, section 49; and 353, section 13; and Laws 1989, First Special Session chapter 1, articles 3, section 32, subdivisions 1 and 2; 5, section 52; and 10, section 45; proposing coding for new law in Minnesota Statutes, chapters 134; 116j; 268; 270; 273; 290; and 469; repealing Minnesota Statutes 1989 Supplement, sections 115A.922; 115A.923, subdivisions 2, 3, 4, and 5; 115A.924; 115A.925; 115A.927; 115A.928; 290.06, subdivision 1a; and 375.192, subdivision 1; Minnesota Statutes Second 1989 Supplement, 273.1398, subdivision 2b.

April 24, 1990

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. 2478, 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. 2478 be further amended as follows:

Delete everything after the enacting clause and insert:

#### “ARTICLE 1

#### TAXPAYERS’ BILL OF RIGHTS

Section 1. [270.0602] [BASIS FOR EVALUATION OF DEPARTMENT OF REVENUE EMPLOYEES.]

*The department of revenue must not use tax enforcement results to impose individual revenue quotas with respect to employees or their immediate supervisors who are directly involved in assessment or collection activities. The department may, however, use individual performance with regard to number of cases completed and, in the case of collections employees,*

dollars collected, as factors in evaluating an employee and not be considered as failing to comply with this section.

Sec. 2. [270.0603] [DISCLOSURE OF RIGHTS OF TAXPAYERS.]

*Subdivision 1. [IN GENERAL.] The commissioner of revenue shall, as soon as practicable, but not later than 180 days after the date of enactment of this act, prepare statements that set forth in simple and nontechnical terms:*

*(1) the rights and obligations of the department of revenue and the taxpayer during an audit;*

*(2) the procedures by which a taxpayer may appeal an adverse decision of the department, including administrative and judicial appeals;*

*(3) the procedures for filing refund claims and filing of taxpayer complaints; and*

*(4) the procedures that the department may use in enforcing the tax laws, including assessment, jeopardy assessment, levy and distraint, and the filing of liens.*

*Subd. 2. [TRANSMISSION TO LEGISLATURE.] The commissioner shall provide drafts of the statements required under subdivision 1 to the chairs of the house of representatives and senate tax committees for proposed revisions of the statements.*

*Subd. 3. [DISTRIBUTION.] The appropriate statement prepared in accordance with subdivisions 1 and 2 must be distributed by the commissioner to all taxpayers contacted with respect to the determination or collection of a tax, other than the providing of tax forms. Failure to receive the statement does not invalidate the determination or collection action.*

Sec. 3. Minnesota Statutes 1988, section 270.07, is amended by adding a subdivision to read:

*Subd. 6. [ABATEMENT OF PENALTY.] (a) A request for abatement of penalty under subdivision 1, under section 289A.14, subdivision 4, or under paragraph (c), must be filed with the commissioner within 60 days of the date the notice was mailed to the taxpayer's last known address, stating that a penalty has been imposed.*

*(b) If the commissioner issues an order denying a request for abatement of penalty, the taxpayer may, except as limited under subdivision 1, file an administrative appeal as provided in section 289A.16 or appeal to tax court as provided in section 271.06.*

*If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to tax court as provided in section 271.06.*

*(c) The commissioner shall abate any part of a penalty or additional tax charge under section 289A.026, subdivision 2, or 289A.027, subdivision 4, attributable to erroneous advice given to the taxpayer in writing by an employee of the department acting in an official capacity, if the advice:*

*(1) was reasonably relied on and was in response to a specific written request of the taxpayer; and*

*(2) was not the result of failure by the taxpayer to provide adequate or*

*accurate information.*

Sec. 4. Minnesota Statutes 1989 Supplement, section 270.10, subdivision 1a, is amended to read:

Subd. 1a. [NOTIFICATION TO TAXPAYER.] At the same time that notice of the assessment, determination, or order of the commissioner is given to a taxpayer, the taxpayer must be notified in writing of the right to appeal to the tax court, and if applicable, to the small claims division. *Except in the case of mathematical or clerical errors, the notice must contain a description of the basis for, including applicable law and other factors considered in the determination, and a listing of the amounts of tax due, interest, additions to tax, and penalties. Failure to provide all the required information does not invalidate the notice for purposes of satisfying statutory notice requirements if the notice contains sufficient information to advise the taxpayer that an assessment, order, or other determination has been made. The taxpayer may request further clarification within the time provided for appealing the determination.* In any notice of assessment, determination, or order dealing with property valuation or assessment for property tax purposes by the commissioner of revenue or a local unit of government, the taxpayer must be notified in writing that a taxpayer must appeal to the town or city board of equalization and to the county board of equalization before appealing to the small claims division of the tax court, except for those taxpayers whose original assessments are determined by the commissioner of revenue.

Sec. 5. [270.272] [PROCEDURES INVOLVING IN-PERSON TAXPAYER INTERVIEWS.]

*Subdivision 1. [RECORDING OF INTERVIEWS.] (a) In connection with an interview with a taxpayer relating to the audit or collection of a tax, and on advance request of the taxpayer, an employee of the department of revenue shall allow the taxpayer to make an audio recording of the interview at the taxpayer's expense and with the taxpayer's equipment.*

*(b) An employee of the department may record an interview described in paragraph (a) if the taxpayer is informed of the recording before the interview and a transcript or copy of the recording is made available to the taxpayer on the taxpayer's request, provided the department is reimbursed by the taxpayer for the cost of transcribing or copying the recording.*

*Subd. 2. [SAFEGUARDS.] (a) Before or at the start of an initial interview, an employee of the department shall provide to the taxpayer in the case of an audit interview an explanation of the audit process and the taxpayer's rights under that process and, in the case of a collection interview, an explanation of the collection process and the taxpayer's rights under that process.*

*(b) If a taxpayer requests to consult with an attorney, accountant, agent, preparer, or any other person permitted to represent the taxpayer before the department at any time during an interview, except an interview initiated by an administrative subpoena, the interview must be suspended for no more than 30 days.*

*Subd. 3. [REPRESENTATIVES HOLDING POWER OF ATTORNEY.] An attorney, accountant, agent, preparer, or any other person permitted to represent the taxpayer before the department who has a written power of attorney executed by the taxpayer may represent the taxpayer in an interview described in subdivision 1. The taxpayer may be required to*

*accompany the representative only if an administrative subpoena is issued. In this instance, with the consent of an immediate supervisor and after ten days' notice to the representative, the department employee may notify the taxpayer directly that the employee believes the representative is unreasonably delaying the examination or investigation process.*

*Subd. 4. [NOT TO APPLY TO CERTAIN INVESTIGATIONS.] This section does not apply to criminal investigations or investigations relating to the conduct of an employee of the department.*

**Sec. 6. [270.273] [TAXPAYER ASSISTANCE ORDERS; TAXPAYER'S RIGHTS ADVOCATE.]**

*Subdivision 1. [AUTHORITY TO ISSUE.] On application filed by a taxpayer with the department of revenue taxpayer's rights advocate, in the form, manner, and in the time prescribed by the commissioner, and after thorough investigation, the taxpayer's rights advocate may issue a taxpayer assistance order if, in the determination of the taxpayer's rights advocate, the manner in which the state tax laws are being administered is creating or will create an unjust and inequitable result for the taxpayer.*

*Subd. 2. [TERMS OF A TAXPAYER ASSISTANCE ORDER.] A taxpayer assistance order may require the department to release property of the taxpayer levied on, cease any action, or refrain from taking any action to enforce the state tax laws against the taxpayer, until the issue or issues giving rise to the order have been resolved.*

*Subd. 3. [AUTHORITY TO MODIFY OR RESCIND.] A taxpayer assistance order issued by the taxpayer's rights advocate under this section may be modified or rescinded by the commissioner.*

*Subd. 4. [SUSPENSION OF RUNNING OF PERIOD OF LIMITATION.] The running of the period of limitation with respect to an action described in subdivision 2 is suspended from the date of the taxpayer assistance order until the expiration date of the order or, if modified, the expiration date of the modified order or, if rescinded, the date of the rescission.*

*Subd. 5. [INDEPENDENT ACTION OF TAXPAYER'S RIGHTS ADVOCATE.] This section does not prevent the taxpayer's rights advocate from taking action in the absence of an application under subdivision 1.*

*Subd. 6. [TAXPAYER'S RIGHTS ADVOCATE.] For purposes of this section, the term "taxpayer's rights advocate" includes a designee of the taxpayer's rights advocate. The taxpayer's rights advocate shall represent the interests of taxpayers who have grievances against the department in connection with an audit or collection activity, and shall report directly to the commissioner. A determination of the taxpayer's rights advocate under this section to issue or to not issue a taxpayer assistance order is final, and cannot be appealed to the tax court or any other court.*

**Sec. 7. [270.274] [REVIEW OF JEOPARDY ASSESSMENT AND LEVY PROCEDURES.]**

*Subdivision 1. [ADMINISTRATIVE REVIEW.] Within five days after a jeopardy assessment or collection is made to assess or collect a tax administered by the commissioner of revenue, the commissioner shall provide the taxpayer with a written statement of the information relied on in making the assessment or levy. Within 30 days after the written statement is provided or, if not provided, within 35 days after the assessment or levy, the taxpayer may request the commissioner to review the action taken.*

*After a request for review, the commissioner shall determine whether the assessment or levy is reasonable and whether the amount assessed or demanded as a result of the action is appropriate under the circumstances.*

*Subd. 2. [JUDICIAL REVIEW.] A determination by the commissioner under subdivision 1 is appealable to the tax court in the manner provided by law, and the appeal must be expeditiously heard by the court. If the court determines that the making of the assessment or levy is unreasonable, or that the amount assessed or demanded is inappropriate, the court may order the commissioner to release the levy, abate the assessment, redetermine in whole or in part the amount assessed or demanded, or take other action. A determination by the court under this subdivision is final and may not be appealed by either party.*

*Subd. 3. [BURDEN OF PROOF.] In a proceeding under subdivision 2, the burden of proving that the assessment or collection of the tax was jeopardized by delay is on the commissioner. Regarding the issue of whether the amount assessed or demanded as a result of the action is appropriate, the commissioner shall provide a written statement explaining the basis for determining the amount, and the burden is on the taxpayer to show that the statement is incorrect or invalid.*

**Sec. 8. [270.275] [CIVIL DAMAGES FOR FAILURE TO RELEASE LIEN.]**

*Subdivision 1. [IN GENERAL.] (a) A taxpayer may bring a civil action for damages against the commissioner in district court when an employee or the department has knowingly or negligently:*

*(1) failed to release a lien as required by section 270.69, subdivision 11; or*

*(2) failed to release a lien within 30 days after satisfaction of the liability on which the lien is based.*

*(b) An action under paragraph (a), clause (2), must be preceded by 30 days written notice by the taxpayer to the commissioner and the taxpayer's rights advocate that the lien has not been released. An action under paragraph (a) must be commenced within two years after the date the right of action accrued.*

*Subd. 2. [DAMAGES.] On a finding of liability on the part of the defendant in an action brought under subdivision 1, the defendant is liable to the plaintiff in an amount equal to the sum of actual, direct economic damages sustained by the plaintiff due to the actions of the defendant, plus the costs of the action. Damages must be paid in accordance with section 3.736, subdivision 7.*

*Subd. 3. [MITIGATION OF DAMAGES.] Damages awarded must be reduced by the amount of the damages that could reasonably have been mitigated by the plaintiff.*

**Sec. 9. [270.276] [CIVIL DAMAGES FOR CERTAIN UNAUTHORIZED COLLECTION ACTIONS.]**

*Subdivision 1. [IN GENERAL.] If in connection with the collection of previously determined delinquent taxes from a taxpayer of a state tax administered by the commissioner of revenue, an employee of the department recklessly or intentionally disregards a state tax law or rule, the taxpayer may bring a civil action for damages against the commissioner*

*in district court within two years after the date the right of action accrues.*

*Subd. 2. [DAMAGES.] On a finding of liability on the part of the defendant in an action brought under subdivision 1, the defendant is liable to the plaintiff in an amount equal to the lesser of \$100,000, or the sum of (1) actual, direct economic damages sustained by the plaintiff as a proximate result of the reckless or intentional actions of the employee and (2) the costs of the action. Damages must be paid in accordance with section 3.736, subdivision 7.*

*Subd. 3. [LIMITATIONS.] A judgment for damages must not be awarded under subdivision 2 unless the court determines that the plaintiff has exhausted the administrative remedies available to the plaintiff within the department. Damages awarded must be reduced by the amount of the damages that could reasonably have been mitigated by the plaintiff.*

*Subd. 4. [PENALTIES FOR PROCEDURES INSTITUTED PRIMARILY FOR DELAY.] When it appears to the district court that:*

*(1) proceedings before it under this section have been instituted or maintained by the taxpayer primarily for delay;*

*(2) the taxpayer's position in such proceeding is frivolous or groundless;*  
*or*

*(3) the taxpayer unreasonably failed to pursue available administrative remedies,*

*the district court, in its decision, may require the taxpayer to pay to the department of revenue a penalty not in excess of \$25,000. The penalty may be assessed and, upon notice and demand, may be collected in the same manner as a tax.*

Sec. 10. Minnesota Statutes 1989 Supplement, section 270.69, subdivision 11, is amended to read:

*Subd. 11. [ERRONEOUS LIENS.] After the filing of a notice of lien under this section on the property or rights to property of a person, the person may appeal to the commissioner, in the form and at the time prescribed by the commissioner, alleging an error in the filing of the lien and requesting its release. If the commissioner of revenue determines that the filing of the notice of any lien was erroneous, within 14 days after the determination, the commissioner must issue a certificate of release of the lien. The certificate must include a statement that the filing of the lien was erroneous. In the event that the ~~claim~~ lien is erroneous and is not released within the 14-day period, reasonable attorney fees shall be paid. Damages must be paid in accordance with section 3.736, subdivision 7.*

Sec. 11. Minnesota Statutes 1988, 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 and amounts received under United States Code, title 29, chapter 19, as amended through December 31, 1989) 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 1988, section 270.70, subdivision 2, is amended to read:

Subd. 2. [NOTICE AND DEMAND; COLLECTION BY LEVY; JEOPARDY COLLECTION.] Before a levy is made, notice and demand for payment of the amount due shall ~~shall~~ *must* be given to the person liable for the payment or collection of the tax at least ~~ten~~ 30 days prior to the levy. If the commissioner has reason to believe that collection of the tax is in jeopardy, notice and demand for immediate payment of the tax may be made by the commissioner. If the tax is not paid, the commissioner may proceed to collect by levy without regard to the ~~ten day~~ period provided herein. *The notice required under this subdivision must be sent to the taxpayer's last known address and must include a brief statement that sets forth in simple and nontechnical terms:*

(1) *the administrative appeals available to the taxpayer with respect to the levy and sale; and*

(2) *the alternatives available to the taxpayer that can prevent a levy, including installment payment agreements under section 270.67, subdivision 2.*

Sec. 13. Minnesota Statutes 1988, section 270.70, subdivision 4, is amended to read:

Subd. 4. [STAY OF SALE.] (a) Where a jeopardy assessment or any other assessment has been made by the commissioner, the property seized for collection of the tax shall not be sold until the time has expired for filing an appeal of the assessment with the tax court pursuant to chapter 271. If an appeal has been filed, no sale shall be made unless the taxes remain unpaid for a period of more than 30 days after final determination of the appeal by the tax court or by the appropriate judicial forum.

(b) Notwithstanding clause (a), seized property may be sold if

(i) the taxpayer consents in writing to the sale, or

(ii) the commissioner determines that the property is perishable or may become greatly reduced in price or value by keeping, or that such property cannot be kept without great expense.

*The tax court has jurisdiction to review a determination made under clause (b)(ii). Review is commenced by motion of the commissioner or the taxpayer. The order of the court in response to the motion is reviewable in the same manner as any other decision of the tax court.*

Sec. 14. Minnesota Statutes 1988, section 270.70, subdivision 8, is amended to read:

Subd. 8. [SURRENDER OF PROPERTY SUBJECT TO LEVY.] Any person who fails or refuses to surrender without reasonable cause any property or rights to property subject to levy, upon demand by the commissioner, shall be liable personally to the state of Minnesota in an amount equal to the value of the property or rights not so surrendered, but not



exceeding the amount of taxes for the collection of which such levy has been made. Any amount recovered under this subdivision shall be credited against the tax liability for the collection of which such levy was made. *A financial institution need not surrender funds on deposit until ten days after service of the levy.*

Sec. 15. Minnesota Statutes 1988, section 270.70, is amended by adding a subdivision to read:

*Subd. 17. [UNECONOMICAL LEVY.] No levy may be made on property if the amount of the expenses that the commissioner estimates would be incurred by the department with respect to the levy and sale of the property exceeds the fair market value of the property at the anticipated time of levy.*

Sec. 16. Minnesota Statutes 1988, section 270.70, is amended by adding a subdivision to read:

*Subd. 18. [LEVY ON APPEARANCE DATE OF SUBPOENA.] No levy may be made on the property of a person on the day on which the person, or an officer or employee of the person, is required to appear in response to a subpoena issued by the commissioner to collect unpaid taxes, unless the commissioner determines that the collection of the tax is in jeopardy.*

Sec. 17. Minnesota Statutes 1988, section 270.701, is amended by adding a subdivision to read:

*Subd. 6. [RIGHT TO REQUEST SALE OF SEIZED PROPERTY WITHIN 60 DAYS.] The owner of property seized by levy may request that the commissioner offer to sell the property within 60 days after the request, or within a longer period requested by the owner. The request must be complied with unless the commissioner determines and notifies the owner within that period that compliance is not in the best interests of the state of Minnesota. A determination by the commissioner not to comply with the request is appealable to the tax court in the manner provided by law.*

Sec. 18. Minnesota Statutes 1988, section 270.709, subdivision 1, is amended to read:

*Subdivision 1. [RELEASE OF LEVY.] It shall be lawful for the commissioner to release the levy upon all or part of the property or rights to property levied upon if the commissioner determines that the release will facilitate the collection of the liability, but the release shall not operate to prevent any subsequent levy. The commissioner shall release a levy on all or part of the property or rights to property levied on and shall promptly notify the person on whom the levy was made that the levy has been released if: (1) the liability for which the levy was made is satisfied or has become unenforceable by lapse of time; (2) release of the levy will facilitate collection of the liability; (3) the taxpayer has entered into an installment payment agreement under section 270.67, subdivision 2, unless the agreement provides otherwise, or unless release of the levy will jeopardize the status of the department as a secured creditor; or (4) the fair market value of the property exceeds the liability, and release of the levy on a part of the property can be made without hindering collection. In the case of tangible personal property essential in carrying on the trade or business of the taxpayer, the commissioner shall provide for an expedited determination under this subdivision. A release of levy under this subdivision does not prevent a subsequent levy on the property released.*

Sec. 19. Minnesota Statutes 1988, section 271.12, is amended to read:

271.12 [WHEN ORDER EFFECTIVE.]

No order for refundment by the commissioner of revenue, the appropriate unit of government, or the tax court shall take effect until the time for appeal therefrom or review thereof by all parties entitled thereto has expired. Otherwise every order of the commissioner, the appropriate unit of government, or the tax court shall take effect immediately upon the filing thereof, and no appeal therefrom or review thereof shall stay the execution thereof or extend the time for payment of any tax or other obligation unless otherwise expressly provided by law; provided, that in case an order which has been acted upon, in whole or in part, shall thereafter be set aside or modified upon appeal, the determination upon appeal or review shall supersede the order appealed from and be binding upon all parties affected thereby, and such adjustments as may be necessary to give effect thereto shall be made accordingly; *and provided further, the tax court may enjoin enforcement of the order of the commissioner being appealed.* If it be finally determined upon such appeal or review that any person is entitled to refundment of any amount which has been paid for a tax or other obligation, such amount, unless otherwise provided by law, shall be paid to the person by the state treasurer, or other proper officer, out of funds derived from taxes of the same kind, if available for the purpose, or out of other available funds, if any, with interest at the rate specified in section 270.76 from the date of payment of the tax, unless a different rate of interest is otherwise provided by law, in which case such other rate shall apply, upon certification by the commissioner of revenue, the appropriate unit of government, the tax court or the supreme court.

*If, within 120 days after a decision of the tax court becomes final, the commissioner does not refund the overpayment determined by the court, together with interest, on motion by the taxpayer, the tax court shall have jurisdiction to order the refund of the overpayment and interest, and to award reasonable litigation costs for bringing the motion.* If any tax, assessment, or other obligation be increased upon such appeal or review, the increase shall be added to the original amount, and may be enforced and collected therewith.

Sec. 20. Minnesota Statutes 1988, section 271.19, is amended to read:

271.19 [COSTS AND DISBURSEMENTS.]

Upon the determination of any appeal under this chapter before the tax court, or of any review hereunder by the supreme court, the costs and disbursements may be taxed and allowed in favor of the prevailing party and against the losing party as in civil actions. In any case where a person liable for a tax or other obligation has lost an appeal or review instituted by the person, and the tax court or court shall determine that the person instituted the same merely for the purposes of delay, or that the taxpayer's position in the proceedings is frivolous, additional costs, commensurate with the expense incurred and services performed by the agencies of the state in connection with the appeal, but not exceeding \$5,000 in any case, may be allowed against the taxpayer, in the discretion of the tax court or court. Costs and disbursements allowed against any such person shall be added to the tax or other obligation determined to be due, and shall be payable therewith. *To the extent described in section 3.761, where an award of costs and attorney fees is authorized under section 3.762, the costs and fees shall be allowed against the state, including expenses incurred by the*

*taxpayer to administratively protest or appeal to the department of revenue the order, decision, or report of the commissioner that is the subject of the tax court proceedings. Costs and disbursements allowed against the state or other public agencies shall be paid out of funds received from taxes or other obligations of the kind involved in the proceeding, or other funds of the agency concerned appropriated and available therefor. Witnesses in proceedings under this chapter shall receive like fees as in the district court, to be paid in the first instance by the parties by whom the witnesses were called, and to be taxed and allowed as herein provided.*

Sec. 21. Minnesota Statutes, section 289A.11, as added in Laws 1990, chapter 480, article 1, section 23, is amended by adding a subdivision to read:

*Subd. 9. [PETITION IN TAX COURT; REFUND OF INTEREST.] Notwithstanding any other law, within one year after a decision of the tax court upholding an assessment of the commissioner of revenue becomes final, if the taxpayer has paid the assessment in full, plus interest calculated by the commissioner, the taxpayer may petition the tax court to reopen the case solely for a determination that the interest paid exceeds the interest legally due, and if so, the amount of the overpayment. A determination of overpayment of interest under this subdivision is a determination of overpayment of tax under section 271.12, and is reviewable in the same manner as any other decision of the tax court.*

Sec. 22. [ALTERNATIVE DISPUTE RESOLUTION; LETTER RULINGS; STUDY.]

*The commissioner of revenue shall study the cost, feasibility, and means of implementation of (1) an arbitration procedure for resolving disputes between taxpayers and the department of revenue without court litigation, and (2) publication and dissemination of administrative determinations, decisions, and rulings of the department of revenue, through the use of private letter rulings or otherwise. In preparing the study, the commissioner shall consult with the bar association and society of certified public accountants. The commissioner shall report the results of the study to the legislature by January 7, 1991.*

Sec. 23. [EFFECTIVE DATES.]

*Section 1 is effective for evaluations occurring on or after August 1, 1990.*

*Sections 2 and 22 are effective the day following final enactment.*

*Section 3 is effective for advice given on or after August 1, 1990.*

*Section 4 is effective for notices of assessment issued on or after August 1, 1990.*

*Section 5 is effective for interviews occurring on or after August 1, 1990.*

*Section 6 is effective for taxpayer assistance applications filed on or after August 1, 1990.*

*Section 7 is effective for jeopardy assessments and levies made on or after August 1, 1990.*

*Sections 8 and 9 are effective for causes of action arising on or after August 1, 1990.*

*Section 10 is effective for liens filed on or after August 1, 1990.*

*Sections 11, 15, and 16 are effective August 1, 1990.*

*Sections 12, 14, and 18 are effective for levies issued on or after August 1, 1990.*

*Sections 13 and 17 are effective for property seized on or after August 1, 1990.*

*Sections 19 and 20 are effective for tax court appeals filed on or after August 1, 1990.*

*Section 21 is effective for interest payments made on or after August 1, 1990.*

## ARTICLE 2

### INCOME, GROSS PREMIUMS, AND FRANCHISE TAXES

Section 1. Minnesota Statutes Second 1989 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. Except as provided in paragraph (b), installments must be based on a sum equal to two percent of the premiums described in paragraph (c).

(b) For town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) writing life insurance, or (ii) whose total assets at the end of the preceding calendar year ~~exceed~~ on December 31, 1989, ~~exceeded~~ \$1,600,000,000, the installments must be based on an amount equal to the following percentages of the premiums described in paragraph (c):

(1) for premiums paid after December 31, 1988, and before January 1, 1992, one percent; and

(2) for premiums paid after December 31, 1991, one-half of one percent.

(c) Installments under paragraph (a) or (b) are percentages of gross premiums less return premiums on all direct business received by 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.

(d) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section.

Sec. 2. Minnesota Statutes 1989 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(h) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

*The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.*

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, and the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, shall become effective at the time they become effective for federal tax purposes.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 290.05, subdivision 1, is amended to read:

Subdivision 1. The following corporations, individuals, estates, trusts, and organizations shall be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and other ores the mining or production of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

(b) the United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions;

(c) any insurance company that is domiciled in a state or country other than Minnesota that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance companies or their agents domiciled in Minnesota. "Retaliatory taxes" means taxes imposed on insurance companies organized in another state or country that result from the fact that an insurance company organized in the taxing jurisdiction and doing business in the other jurisdiction is subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that imposed by the taxing jurisdiction upon an insurance company organized in the other state or country and doing business to the same extent in the taxing jurisdiction; and

(d) town and farmers' mutual insurance companies and mutual property and casualty insurance companies, other than those (1) writing life insurance or (2) whose total assets ~~at the end of the preceding calendar year exceed~~ on December 31, 1989, exceeded \$1,600,000,000.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 1, is amended to read:

Subdivision 1. [COMPUTATION, CORPORATIONS.] The franchise tax imposed upon corporations shall be computed by applying to their taxable income the rate of ~~9.5~~ 9.8 percent.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 21, is amended to read:

Subd. 21. [ALTERNATIVE MINIMUM TAX; FACTORS TAX.] (a) A corporation is allowed a credit for alternative minimum tax previously paid for any taxable year in which the corporation has no tax liability under section 290.092, subdivision 1, and has an alternative minimum tax credit carryover from a previous year. The credit allowable in any taxable year equals the lesser of (1) the excess of the tax under ~~this section~~ *subdivision 1* for the taxable year over the amount computed under section 290.092, subdivision 1, clause (1), for the taxable year, or (2) the alternative minimum tax credit carryover to the taxable year.

(b) The tax imposed under section 290.092, subdivision 1, for the taxable year is an alternative minimum tax credit carryover to each of the five taxable years succeeding the taxable year. The entire amount of the alternative minimum tax credit must be carried to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than five years after the taxable year in which the alternative minimum tax under section 290.092, subdivision 1, was paid incurred.

(c) For taxable years beginning after December 31, 1989, qualification for a credit and computation of the amount of the credit for alternative minimum tax under paragraph (a) must be determined by computing the alternative minimum tax that would apply if section 290.092 were in effect for the taxable year.

Sec. 6. Minnesota Statutes 1988, section 290.068, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] A corporation, other than a corporation with a valid election in effect under section ~~290.9725~~ 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, is allowed a credit against the portion of the franchise tax imposed by this chapter computed under section 290.06, subdivision 1, for the taxable year equal to:

- (a) 5 percent of the first \$2 million of the excess (if any) of
  - (1) the qualified research expenses for the taxable year, over
  - (2) the base period research expenses; and
- (b) 2.5 percent on all of such excess expenses over \$2 million.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the portion of the Minnesota charitable contribution deduction that constitutes an item of tax preference under section 57(a)(6) of the Internal Revenue Code;

(3) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); less the sum of

(i) interest income as defined in section 290.01, subdivision 19b, clause (1);

(ii) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2); and

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue

Code. Interest does not include amounts deducted in computing federal adjusted gross income.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1987~~ 1989.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Tentative minimum tax" equals six percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(e) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(f) "Net minimum tax" means the minimum tax imposed by this section.

(g) "*Minnesota charitable contribution deduction*" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e).

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] ~~(a)~~ 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, for the taxable year of:

(1) ~~seven~~ 5.8 percent of Minnesota alternative minimum taxable income less the credit allowed under section 290.35, subdivision 3; over

(2) the tax imposed under section 290.06, subdivision 1, without regard to this section.

~~(b) If the sum of the corporation's Minnesota sales and receipts, property, and payrolls, as defined in section 290.092, subdivision 4, exceeds \$5,000,000, the amount under paragraph (a), clause (1), is the greater of~~

~~(1) \$500 or~~

~~(2) the amount otherwise determined.~~

~~The provisions of this paragraph do not apply to corporations subject to tax under section 60A.15, subdivision 1; real estate investment trusts; and regulated investment companies or a fund thereof.~~

Sec. 9. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE MINIMUM TAXABLE INCOME.] "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f) and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company



basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).

(2) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(3) The special rule for ~~400 percent~~ *certain* dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(4) The special rule for dividends from section 936 companies under section 56(g)(4)(C)(iii) does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to the subtraction under section 290.01, subdivision 19d, clause (4).

(7) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(8) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(9) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.

*(10) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.*

*(11) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (10), or (iii) the amount of royalties, fees or other like income subtracted as provided in section 290.01, subdivision 19d, clause (11).*

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

Sec. 10. Minnesota Statutes Second 1989 Supplement, section 290.0921, is amended by adding a subdivision to read:

*Subd. 3a. [EXEMPTIONS.] The following entities are exempt from the tax imposed by this section:*

- (1) cooperatives taxable under subchapter T of the Internal Revenue Code or organized under chapter 308 or a similar law of another state;*
- (2) corporations subject to tax under section 60A.15, subdivision 1;*
- (3) real estate investment trusts;*
- (4) regulated investment companies or a fund thereof; and*
- (5) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989.*

Sec. 11. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 8, is amended to read:

Subd. 8. [CARRYOVER CREDIT.] (a) A corporation is allowed a credit against qualified regular tax for qualified alternative minimum tax previously paid. The credit is allowable only if the corporation has no tax liability under this section for the taxable year and if the corporation has an alternative minimum tax credit carryover from a previous year. The credit allowable in a taxable year equals the lesser of

(1) the excess of the qualified regular tax for the taxable year over the amount computed under subdivision 1, paragraph (a), clause (1), ~~multiplied by the sum of one plus the surtax percentage under section 290.06, subdivision 1a,~~ for the taxable year or

(2) the carryover credit to the taxable year.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) "Qualified alternative minimum tax" equals the amount determined under subdivision 1 for the taxable year ~~multiplied by the sum of one plus the surtax percentage rate under section 290.06, subdivision 1a.~~ In computing the amount of alternative minimum tax

(i) the adjustment under section 56(c)(3) of the Internal Revenue Code must not be made;

(ii) the full amount of the charitable contribution deduction under section 290.21, subdivision 3, must be deducted in computing Minnesota alternative minimum taxable income; and

(iii) in the case of a corporation subject to an occupation tax under section 298.01 the tax preference for depletion under section 57(a)(1) of the Internal Revenue Code must be deducted in computing Minnesota alternative minimum taxable income.

(2) "Qualified regular tax" means the tax imposed under section 290.06, subdivision 1, ~~and a surtax imposed on that tax under section 290.06, subdivision 1a.~~

(c) The qualified alternative minimum tax for a taxable year is an alternative minimum tax credit carryover to each of the ~~five~~ taxable years succeeding the taxable year. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. Any unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year in which alternative minimum tax was

paid.

Sec. 12. [290.0922] [MINIMUM FEE; CORPORATIONS.]

*Subdivision 1. [IMPOSITION.] (a) In addition to the tax imposed by this chapter without regard to this section, the franchise tax imposed on a corporation required to file under section 290.37, other than a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the taxable year includes a tax equal to the following amounts:*

*If the sum of the corporation's Minnesota property, payrolls, and sales or receipts is:*

*the tax equals:*

<i>less than \$500,000</i>	<i>\$0</i>
<i>\$ 500,000 to \$ 1,000,000</i>	<i>\$100</i>
<i>\$ 1,000,000 to \$ 4,999,999</i>	<i>\$300</i>
<i>\$ 5,000,000 to \$ 9,999,999</i>	<i>\$1,000</i>
<i>\$10,000,000 to \$19,999,999</i>	<i>\$2,000</i>
<i>\$20,000,000 or more</i>	<i>\$5,000</i>

*(b) A tax is imposed annually beginning in 1990 on a corporation required to file a return under section 290.41, subdivision 1, that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, and on a partnership required to file a return under section 290.41, subdivision 1, other than a partnership that derives over 80 percent of its income from farming. The tax imposed under this paragraph is due on or before the due date of the return due under section 290.41, subdivision 1, for the calendar year following the calendar year in which the tax is imposed. The commissioner shall prescribe the return to be used for payment of this tax. The tax under this paragraph is equal to the following amounts:*

*If the sum of the S corporation's or partnership's Minnesota property, payrolls, and sales or receipts is:*

*the tax equals:*

<i>less than \$500,000</i>	<i>\$0</i>
<i>\$ 500,000 to \$ 1,000,000</i>	<i>\$100</i>
<i>\$ 1,000,000 to \$ 4,999,999</i>	<i>\$300</i>
<i>\$ 5,000,000 to \$ 9,999,999</i>	<i>\$1,000</i>
<i>\$10,000,000 to \$19,999,999</i>	<i>\$2,000</i>
<i>\$20,000,000 or more</i>	<i>\$5,000</i>

*Subd. 2. [EXEMPTIONS.] The following entities are exempt from the tax imposed by this section:*

- (1) corporations exempt from tax under section 290.05 other than insurance companies exempt under subdivision 1, paragraph (d);*
- (2) real estate investment trusts;*
- (3) regulated investment companies or a fund thereof; and*
- (4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989; and*

(5) *town and farmers' mutual insurance companies.*

*Entities not specifically exempted by this subdivision are subject to tax under this section, notwithstanding section 290.05.*

*Subd. 3. [DEFINITION.] "Minnesota sales or receipts," "Minnesota property," and "Minnesota payrolls" have the meanings given in section 290.092, subdivision 4.*

Sec. 13. Minnesota Statutes 1988, section 290.31, subdivision 1, is amended to read:

Subdivision 1. [PARTNERS, NOT PARTNERSHIP, SUBJECT TO TAX.] A partnership as such shall not be subject to the income tax imposed by this chapter, *but is subject to the tax imposed under section 290.0922.* Persons carrying on business as partners shall be liable for income tax only in their separate or individual capacities.

Sec. 14. Minnesota Statutes 1989 Supplement, section 290.9201, is amended by adding a subdivision to read:

*Subd. 11. [EXCEPTION FROM WITHHOLDING FOR PUBLIC SPEAKERS.] The provisions of subdivisions 7 and 8 shall not be effective for compensation paid to nonresident public speakers before January 1, 1992, if the compensation paid to the speaker is less than \$2,000 or is only a payment of the speaker's expenses.*

Sec. 15. Minnesota Statutes 1988, section 290.9725, is amended to read: 290.9725 [S CORPORATION.]

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, 1987. An S corporation shall not be subject to the taxes imposed by this chapter, except the taxes imposed under sections 290.0922, 290.92, 290.9727, 290.9728, and 290.9729.

Sec. 16. [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, 1989" for the words "Internal Revenue Code of 1986, as amended through December 31, 1988" wherever it occurs in chapters 290, 290A, and 291 except for the use of the phrase in section 290.01, subdivision 19, and section 290.92, subdivision 1, paragraph (1).*

Sec. 17. [FEDERAL CHANGES.]

*The changes made by sections 7841, 7304(a), 7817, 7110, 7815, 7816, 7811(d) of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and sections 202, 203, and 204 of Public Law Number 101-140 that affect the computation of gross income as defined in Minnesota Statutes, section 290.01, subdivision 20, the credit for research and experimental expenditures as defined in Minnesota Statutes, section 290.068, subdivision 2, the credit for state death taxes allowable as defined in Minnesota Statutes, section 291.03, subdivision 1, and the federal alternative minimum taxable income as defined in Minnesota Statutes, section 290.091, subdivision 2, shall be in effect at the same time they become effective for federal income and estate tax purposes.*

Sec. 18. [SEVERABILITY; INSURANCE TAXATION.]

(a) If the provision of Minnesota Statutes, section 60A.15, subdivision 1, enacted in section 1, providing a reduced insurance premiums tax rate to mutual insurance companies is found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the insurance premiums tax to other insurance companies, the legislature intends that section 1 be invalid and the otherwise applicable insurance premiums tax rates apply.

(b) If the provision of Minnesota Statutes, section 290.05, subdivision 1, clause (d), enacted in section 3, exempting a mutual insurance company from taxation under the corporate franchise tax is found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the corporate franchise tax to other insurance companies, the legislature intends that the exemption enacted in section 3 be invalid and the corporate franchise tax apply.

#### Sec. 19. [ESTIMATED TAXES; EXCEPTION.]

For taxable years beginning after December 31, 1989, but before January 1, 1991, the commissioner of revenue may not assess any additions to tax that are the result of a corporation's failure to make sufficient estimated tax payments due to the changes in this article.

#### Sec. 20. [SMALL BUSINESS TAX STUDY.]

The department of revenue shall conduct a study of the state and local tax burden in relation to ability to pay for businesses with combined Minnesota property, payroll, and sales of less than \$5,000,000 per year. The study shall present the state and local tax burden, net of federal income tax considerations, for representative businesses of various sizes, legal structures, and levels of profitability. The study shall relate tax burden to such measures of ability to pay as taxable income, economic income, assets, and sales. The study shall be submitted to the chairpersons of the tax committee of the house of representatives and senate by December 1, 1990.

#### Sec. 21. [REPEALER.]

Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 1a, is repealed.

#### Sec. 22. [EFFECTIVE DATE.]

Section 1 is effective for premiums paid after December 31, 1989. The provisions of section 12 are effective for taxable years beginning after December 31, 1990 for insurance companies domiciled in a state that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees. Section 14 is effective the day following final enactment. The remainder of this article is effective for taxable years beginning after December 31, 1989, except as otherwise provided.

### ARTICLE 3

#### PROPERTY TAXES

Section 1. Minnesota Statutes 1989 Supplement, section 103B.3369, subdivision 5, is amended to read:

Subd. 5. [FINANCIAL ASSISTANCE.] The board may award grants to counties only to carry out water resource protection and management programs identified as priorities in comprehensive local water plans. Grants

may be used to employ persons and to obtain and use information necessary to:

- (1) develop comprehensive local water plans under section 110B.04 that have not received state funding for water resources planning as provided for in Laws 1987, chapter 404, section 30, subdivision 5, clause (a); and
- (2) implement comprehensive local water plans.

*A base grant shall be awarded to a county that levies a tax at the rate established under section 275.50, subdivision 5, paragraph (z), in an amount equal to \$37,500 less the amount raised by that levy. If the amount necessary to implement the local water plan for the county is less than \$37,500, the amount of the base grant shall be the amount that, when added to the levy amount, equals the amount required to implement the plan.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 103B.3369, subdivision 7, is amended to read:

Subd. 7. [RULES.] The board shall adopt rules that:

- (1) establish performance criteria for grant administration for local implementation of state delegated or mandated programs that recognize regional variations in program needs and priorities;
- (2) recognize the unique nature of state delegated or mandated programs;
- (3) specify that program activities contracted by a county to another local unit of government are eligible for funding; *and*
- (4) ~~require that grants from the board may not exceed the amount matched by participating local units of government; and~~
- (5) specify a process for the board to establish a base level grant amount that all participating counties may be eligible to receive.

Sec. 3. Minnesota Statutes 1989 Supplement, section 124.10, subdivision 2, is amended to read:

~~Subd. 2. The county auditor shall at the time of making the March and November tax settlements of each year apportion to the several districts the amount received from liquor licenses, fines, estrays, and other sources belonging to the general school fund. The county auditor each year shall apportion to the school districts within the county the amount received from powerline taxes under section 273.42, liquor licenses, fines, estrays, and other sources belonging to the general fund. The apportionment apportionments shall be made in proportion to each district's net tax capacity within the county in the prior year. The apportionments shall be made and amounts distributed to the school districts at the times provided for the settlement and distribution of real and personal property taxes under sections 276.09, 276.11, and 276.111, except that all of the power line taxes apportioned to a school district from the county school fund shall be included in the first half distribution of property taxes to the school district. No district shall receive any part of the money received from liquor licenses unless all sums paid for such licenses in such district are apportioned to the county school fund.~~

Sec. 4. Minnesota Statutes 1988, section 124.195, subdivision 7, is amended to read:

Subd. 7. [PAYMENTS TO SCHOOL NONOPERATING FUNDS.] Each fiscal year state general fund payments for a district nonoperating fund shall be made at 85 percent of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. This amount shall be paid in 12 equal monthly installments. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid prior to October 31 of the following school year. *The commissioner may make advance payments of homestead and agricultural credit aid for a district's debt service fund earlier than would occur under the preceding schedule if the district submits evidence showing a serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.*

Sec. 5. [134.342] [ALLOCATION OF LEVY AUTHORITY.]

*Subdivision 1. [AUTHORITY.] A regional public library system board may adopt a written resolution to assume responsibility for the allocation of the regional library system levy authority throughout the region. If adopted, the board shall furnish a list to the commissioners of revenue and education by July 1 of the levy year, containing the name of each member city, town, and county that will be participating in that regional system.*

*Subd. 2. [DETERMINATION OF LEVY LIMITATION.] The levy limitation for a regional library system is equal to the sum of the total maximum amount allowable for operating regional library services for all member cities, towns, and counties within the region subject to the levy limitation under section 275.50, subdivision 5, clause (o). If a member city or town of a regional library system is not subject to the levy limitations under sections 275.50 to 275.56, the commissioner of revenue shall determine a levy limitation for the purposes of this section as if the member were subject to the provisions of section 275.50, subdivision 5, clause (o). The commissioner of revenue shall determine the total maximum amount allowable for the regional library system and shall certify the total amount to the regional library board and to the commissioner of education by August 1 of the levy year.*

*Subd. 3. [ALLOCATION OF AUTHORITY.] A regional public library system board that has resolved to allocate library levy authority among its member cities, towns, and counties shall allocate the amount, up to the total amount certified to the board by the commissioner of revenue, and shall notify each member city, town, and county by August 15 of the levy year of its respective share of the total library levy for the region. Each member city, town, or county located in the region shall levy the amount negotiated and agreed upon by the board and each member city, town, or county.*

*The board shall certify to the commissioners of revenue and education by September 1 of the levy year, the levy amount allocated to each member city, town, and county in the regional library system.*

*Subd. 4. [NON-ALLOCATED REGIONAL LIBRARY LEVY LIMITATION.] A city, town, or county located within a regional library system that does not allocate library levy authority under subdivisions 1 to 3 but is subject to the levy limitations under sections 275.50 to 275.56, shall levy according to section 275.50, subdivision 5, clause (o), to pay the*

*operating costs of a regional library system.*

Sec. 6. Minnesota Statutes 1988, section 169.86, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION FOR PERMIT.] The commissioner, with respect to highways under the commissioner's jurisdiction, and local authorities, with respect to highways under their jurisdiction, may, in their discretion, upon application in writing and good cause being shown therefor, issue a special permit, in writing, authorizing the applicant to move a vehicle or combination of vehicles of a size or weight of vehicle or load exceeding the maximum specified in this chapter, or otherwise not in conformity with the provisions of this chapter, upon any highway under the jurisdiction of the party granting such permit and for the maintenance of which such party is responsible.

*Permits relating to over-width, over-length manufactured homes shall not be issued to persons other than manufactured home dealers or manufacturers for movement of new units owned by the manufactured home dealer or manufacturer, until the person has presented a statement from the county auditor and treasurer where the unit is presently located, stating that all personal and real property taxes have been paid. Upon payment of the most recent single year delinquent personal property or current year taxes only, the county auditor or treasurer must issue a taxes paid statement to a manufactured home dealer or a financial institution desiring to relocate a manufactured home that has been repossessed. This statement must be dated within 30 days of the contemplated move. The statement from the county auditor and treasurer where the unit is presently located, stating that all personal and real property taxes have been paid, may be made by telephone. If the statement is obtained by telephone, the permit shall contain the date and time of the telephone call and the names of the persons in the auditor's office and treasurer's office who verified that all personal and real property taxes had been paid.*

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 272.02, subdivision 4, is amended to read:

Subd. 4. [CONVERSION TO EXEMPT OR TAXABLE USES.] (a) Any property exempt from taxation on January 2 of any year which, due to sale or other reason, loses its exemption prior to December 20 of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by December 20, the intended use of the property, determined by the county assessor, based upon all relevant facts.

(b) *Property subject to tax on January 2 that is acquired by a governmental entity, church, or educational institution before August 1 of the year is exempt for that assessment year if (1) the property is to be used for an exempt purpose under subdivision 1, clauses (1) to (7), and (2) the property is not subject to the filing requirement under section 272.025.*

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 273.064, is amended to read:

273.064 [EXAMINATION OF LOCAL ASSESSOR'S WORK; COMPLETION OF ASSESSMENTS.]



The county assessor shall examine the assessment appraisal records of each local assessor anytime after ~~January 15~~ *December 1* of each year and shall immediately give notice in writing to the governing body of said district of any deficiencies in the assessment procedures with respect to the quantity of or quality of the work done as of that date and indicating corrective measures to be undertaken and effected by the local assessor not later than 30 days thereafter. If, upon reexamination of such records at that time, the deficiencies noted in the written notice previously given have not been substantially corrected to the end that a timely and uniform assessment of all real property in the county will be attained, then the county assessor with the approval of the county board shall collect the necessary records from the local assessor and complete the assessment or employ others to complete the assessment. When the county assessor has completed the assessments, the local assessor shall thereafter resume the assessment function within the district. In this circumstance the cost of completing the assessment shall be charged against the assessment district involved. The county auditor shall certify the costs thus incurred to the appropriate governing body not later than August 1 and if unpaid as of September 1 of the assessment year, the county auditor shall levy a tax upon the taxable property of said assessment district sufficient to pay such costs. The amount so collected shall be credited to the general revenue fund of the county.

Sec. 9. Minnesota Statutes 1989 Supplement, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6, 8, and 9 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. *The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property.* In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the net tax capacity of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold

estate in such property, or at some lesser value than its market value.

Sec. 10. Minnesota Statutes 1989 Supplement, 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 not offer a membership or golfing privileges to a spouse of a member that provides greater or less access to the golf course than is provided to that person's spouse under the same or a separate membership in that club, except that the terms of a membership may provide that one spouse may have no right to use the golf course at any time while the other spouse may have either limited or unlimited access to the golf course.

A golf club may have or create an individual membership category which entitles a member for a reduced rate to play during restricted hours as established by the club. The club must have on record a written request by the member for such membership.

*A golf club that has food or beverage facilities or services must allow equal access to those facilities and services for both men and women members in all membership categories at all times. Nothing in this paragraph shall be construed to require service or access to facilities to persons under the age of 21 years or require any act that would violate law or ordinance regarding sale, consumption, or regulation of alcoholic beverages.*

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.

Sec. 11. Minnesota Statutes 1989 Supplement, section 273.119, subdivision 2, is amended to read:

Subd. 2. [REIMBURSEMENT FOR LOST REVENUE.] The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29, the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. Any prior year adjustments must also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, from the Minnesota conservation fund under section 40A.151 for the taxes lost in excess of the county account. The payments must be made at the ~~times~~ *time* provided in section ~~477A.015~~ *473H.10, subdivision 3*, for payment of ~~local government aid~~ to taxing jurisdictions in the same proportion that the ad valorem tax is distributed.

Sec. 12. Minnesota Statutes Second 1989 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 gross tax capacity and the tax actually payable based on the reassessed gross tax capacity 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, other than school districts, containing the property at the time distributions are made under section ~~477A.015~~ *473H.10, subdivision 3*, in the same proportion that the ad valorem tax is distributed.

Sec. 13. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

*Subd. 3a. [MANUFACTURED HOME PARK COOPERATIVE.] When a manufactured home park is owned by a corporation or association organized under chapter 308A, and each person who owns a share or shares in the corporation or association is entitled to occupy a lot within the park, the corporation or association may claim homestead treatment for each lot occupied by a shareholder. Each lot must be designated by legal description or number, and each lot is limited to not more than one-half acre of land for each homestead. The manufactured home park shall be valued and assessed as if it were homestead property within class 1 if all of the following criteria are met:*

- (1) the occupant is using the property as a permanent residence;*
- (2) the occupant or the cooperative association is paying the ad valorem property taxes and any special assessments levied against the land and structure either directly, or indirectly through dues to the corporation; and*
- (3) the corporation or association organized under chapter 308A is wholly owned by persons having a right to occupy a lot owned by the corporation or association.*

*A charitable corporation, organized under the laws of Minnesota with no outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, qualifies for homestead treatment with respect to member residents of the manufactured home park who hold residential participation warrants entitling them to occupy a lot in the manufactured home park.*

Sec. 14. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

*Subd. 15. [RESIDENCE OF DISABLED CHILD OF OWNER.] The principal residence of an individual who has a permanent disability as defined in section 290A.03, subdivision 10, shall be classified as a homestead if the residence is wholly owned by a parent or both parents of the individual. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the information necessary for the assessor to determine whether homestead classification under this subdivision is warranted.*

Sec. 15. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

*Subd. 16. [HOMESTEAD ACQUIRED UNDER EMINENT DOMAIN.] If a home classified as a homestead under section 273.13, subdivision 22, is acquired from the owner under eminent domain proceedings, a home purchased by the owner for use as a homestead within six months of the date of acquisition under eminent domain must be classified by the assessor as class 1 homestead property under section 273.13, subdivision 22, for taxes payable in the following year, notwithstanding the provisions of subdivision 9. The homeowner must apply to the assessor for classification under this subdivision within 30 days of the purchase of the home. The homeowner must provide the assessor with the information necessary for the assessor to determine that the property qualifies for homestead under this subdivision. The assessor may require the homeowner to submit an affidavit.*

Sec. 16. Minnesota Statutes Second 1989 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 has a net class rate of one percent of its market value and a gross class rate of 2.17 percent of its market value. The market value of class 1a property that exceeds \$68,000 but does not exceed ~~\$100,000~~ \$110,000 has a class rate of two percent of its market value. The market value of class 1a property that exceeds ~~\$100,000~~ \$110,000 has a class rate of three 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.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$32,000 market value of class 1b property has a net class rate of .45 percent of its market value and a gross class rate of .87 percent of its market value. The remaining market value of class 1b property has a gross or net class rate using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lake-shore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 225 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title

to the homestead is held by the corporation or partnership. *For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used or available for use for residential occupancy and a fee is charged for residential occupancy.* Class 1c property has a class rate of .4 percent of the first \$32,000 of market value for taxes payable in 1990, .6 percent of the first \$32,000 of market value for taxes payable in 1991, .8 percent of the first \$32,000 of market value for taxes payable in 1992, and one percent of market value in excess of \$32,000 for taxes payable in 1990, 1991, and 1992, and one percent of total market value for taxes payable in 1993 and thereafter with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

Sec. 17. Minnesota Statutes Second 1989 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. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. If the market value of the house, garage, and surrounding one acre of land is less than \$100,000 \$110,000, the value of the remaining land including improvements equal to the difference between \$100,000 \$110,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .4 .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over \$100,000 \$110,000 of market value that does not exceed 320 acres has a net class rate of 1.3 percent of market value for taxes payable in 1990; ~~1.4 percent of market value for taxes payable in 1991, and 1.5 percent of market value for taxes payable in 1992~~ and thereafter, and a gross class rate of 2.25 percent of market value. The remaining property over the ~~\$100,000 \$110,000~~ market value in excess of 320 acres has a class rate of 1.7 percent of market value for taxes payable in 1990, ~~and 1.6 percent of market value for taxes payable in 1991, and 1.5 percent of market value for taxes payable in 1992~~ and thereafter, and a gross tax capacity of 2.25 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of 1.7 percent of market value for taxes payable in 1990, ~~and 1.6 percent of market value for taxes payable in 1991, and 1.5 percent of market value for taxes payable in 1992~~ and thereafter, and a gross class rate of 2.25 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land, and land included in federal farm programs. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products, and includes the commercial boarding of horses if the commercial boarding of horses is done in conjunction with the raising or cultivation of agricultural products.

(d) Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, including the

breeding of fish for sale and consumption if the fish breeding occurs on land zoned for agricultural use, shall be considered as agricultural land, if it is not used primarily for residential purposes. The term "agricultural products" as used in the preceding sentence means any of the products identified in section 273.111, subdivision 6, clause (2). ~~"Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.~~

(e) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

- (1) wholesale and retail sales;
- (2) processing of raw agricultural products or other goods;
- (3) warehousing or storage of processed goods; and
- (4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 18. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property, except class 5 property as identified in subdivision 31, clause (1), is class 3a. It has a class rate of 3.3 percent of the first \$100,000 of market value for taxes payable in 1990, 3.2 percent for taxes payable in 1991, 3.1 percent for taxes payable in 1992, and three percent for taxes payable in 1993 and thereafter, and 5.06 percent of the market value over \$100,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first \$100,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first \$100,000 of market value.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of ~~2.4~~ 2.3 percent of the first \$50,000 of market value and 3.6 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4,

paragraph (c), the class rate of the first \$100,000 of market value and the class rate of the remainder is determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

Sec. 19. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 25, as amended by Laws 1990, chapter 480, article 7, section 7, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.6 percent of market value.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(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;

(4) (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 3.0 percent of market value.

(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, 1988; 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), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units.

(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

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 225 days in the year preceding the year of assessment. ~~For this purpose purposes of this clause, property is devoted to a commercial use purpose on a specific day if any portion of the property is used, or offered available for use for residential occupancy, and a fee is charged for the use residential occupancy.~~ Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 225 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause ~~and clause (6)~~ also includes the

remainder of class 1c resorts; ~~and~~

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1988. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity; ~~and~~

*(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and*

*(8) manufactured home parks as defined in section 327.14, subdivision 3.*

Class 4c property has a class rate of ~~2.4~~ 2.3 percent of market value, *except that manufactured home park property under clause (8) has a class rate of 3 percent of market value for taxes payable in 1991 and 2.3 percent of market value for taxes payable in 1992, and thereafter.*

(d) Class 4d property includes any structure:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the farmers home administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project

had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. Classification under this clause is only available to property of a nonprofit or limited dividend entity.

Class 4d property has a class rate of 1.7 percent of market value for taxes payable in 1990, and two percent of market value for taxes payable thereafter.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (2); paragraph (c), clause (1), (2), (3), or (4), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at ~~2-4~~ 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 20. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before December 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government and pay them ~~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. *The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3.* Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax nor shall homestead and agricultural credit aid be payable on the part of a levy to which homestead and agricultural credit aid was separately allocated under subdivision 2, paragraph (b), clause (2), which is no longer levied.

Sec. 21. Minnesota Statutes Second 1989 Supplement, section 273.371, subdivision 1, is amended to read:

Subdivision 1. [REPORT REQUIRED.] Every electric light, power, gas, water, express, stage, and transportation company and pipeline doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make valuations, recommended valuations, and equalization required under sections 273.33, 273.35, 273.36, and 273.37. *If all the required information is not available on March 31, the company or pipeline shall file the information that is available on or before March 31, and the balance of the information as soon as it becomes available.*

Sec. 22. Minnesota Statutes 1988, section 273.42, subdivision 1, is amended to read:

Subdivision 1. The property set forth in section 273.37, subdivision 2, consisting of transmission lines of less than 69 kv and transmission lines

of 69 kv and above located in an unorganized township, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average *tax capacity* rate of taxes levied for all purposes throughout the county *after disparity reduction aid is applied*, and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited as follows: 50 percent to the general revenue fund of the county and 50 percent to the general school fund of the county, except that if there are high voltage transmission lines as defined in section 116C.52, the construction of which was commenced after July 1, 1974 and which are located in unorganized townships within the county, then the distribution of taxes within this subdivision shall be credited as follows: 50 percent to the general revenue fund of the county, 40 percent to the general school fund of the county and ten percent to a utility property tax credit fund, which is hereby established.

Sec. 23. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 1, is amended to read:

Subdivision 1. [PROPOSED LEVY.] Notwithstanding any law or charter to the contrary, on or before September 1, each taxing authority, other than a school district, shall adopt a proposed budget and each taxing authority shall certify to the county auditor the proposed *or, in the case of a town, the final property tax levy for taxes payable in the following year. If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 1, the city shall be deemed to have certified its levies for those taxing jurisdictions.* For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns ~~with a population over 5,000~~, counties, school districts, and special taxing districts. *The commissioner of revenue shall determine what constitutes a special taxing district for purposes of this section. Intermediate school districts that levy a tax under chapter 136D, joint powers boards established under sections 124.491 to 124.496, and common school districts No. 323, Franconia, and No. 815, Prinsburg, are special taxing districts for purposes of this section.*

Sec. 24. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver on or before November 10 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes *and, in the case of a town, final property taxes.*

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority *other than a town* proposes to collect for taxes payable the following year as required in paragraph (d) or (e) *and, for a town, the amount of its final levy.* It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and *proposed or final property tax levy, or, in case of a school district, on the proposed property tax levy.* It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received

by mail. It must state the time and place for the continuation of the hearing if the hearing is not completed on the original date.

(d) Except as provided in paragraph (e), *for taxes levied in 1990 and 1991*, the notice must state by county, city or town, and school district:

(1) the total proposed *or, for a town, final* property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, ~~as determined by the state demographer~~, and for school districts, the increase or decrease in the number of pupils in average daily membership from the second previous school year to the immediately prior school year as determined by the commissioner of education. *The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.*

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

(e) In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in 1991, and thereafter, *and for all counties for taxes levied in 1992 and thereafter*, the notice must state for each parcel:

(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year;

(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed *or, for a town, final* net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed *or, for a town, final* taxes payable the following year, expressed as a dollar amount and as a percentage.

(f) The notice must clearly state that the proposed *or final* taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified; and

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified.

Sec. 25. Minnesota Statutes 1988, section 275.065, is amended by adding a subdivision to read:

*Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city, county, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or in the case of a school district, a property tax levy, at a public hearing. The notice must be published not less than two days nor more than six days before the hearing.*

*The advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper, and the headlines in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 24-point. The text of the advertisement must be no smaller than 18-point, except that the property tax amounts and percentages may be in 14-point type. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.*

*(b) The advertisement must be in the following form, except that the notice for a school district must not include references to budget hearings or to adoption of a budget:*

**"NOTICE OF**

**PROPOSED PROPERTY TAXES**

*(City/County/School District) of . . . . .*

*The governing body of . . . . . will soon hold budget hearings and vote on the property taxes for (city/county services that will be provided in 199- /school district services that will be provided in 199- and 199-).*

*The property tax amounts below compare current (city/county/school district) property taxes and the property taxes that would be collected in 199- if the budget now being considered is approved.*

<i>199-</i>	<i>Proposed 199-</i>	<i>199- Increase</i>
<i>Property Taxes</i>	<i>Property Taxes</i>	<i>or Decrease</i>
<i>\$ . . . . .</i>	<i>\$ . . . . .</i>	<i>. . . . . %</i>

**NOTICE OF PUBLIC HEARING:**

*All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county/school district) budget and property taxes. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address).*

*A continuation of the hearing, if necessary, will be held on (Month/Day/Year) at (Time) at (Location, Address).*

*Written comments may be directed to (Address)."*

**Sec. 26. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 6, is amended to read:**

**Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.]**

Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The ~~adopted~~ property tax levy *certified under section 275.07 by a city, county, or school district* must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124A.03, subdivision 2, or 124.82, subdivision 3, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section 275.58 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a; ~~and~~

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; *and*

*(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified.*

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The ~~commissioner of revenue~~ county auditor shall provide for the coordination of hearing dates so that a taxing authority does not schedule public meetings on the days ~~scheduled for the hearing by another taxing authority~~ for all taxing authorities within the county.

*By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in*

*which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.*

*The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.*

This subdivision does not apply to towns and special taxing districts.

Sec. 27. Minnesota Statutes Second 1989 Supplement, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, ~~towns~~, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December 20 in each year. *A town must certify the levy adopted by the town board to the county auditor by September 1 each year. If the town board modifies the levy at a special town meeting after September 1, the town board must recertify its levy to the county auditor on or before five working days after December 20.* The taxes certified shall not be adjusted by the aid received under sections 273.1398, subdivisions 2 and 3, and 477A.013, subdivision 5. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

Sec. 28. Minnesota Statutes Second 1989 Supplement, section 275.07, subdivision 3, is amended to read:

Subd. 3. The county auditor shall adjust each local government's levy certified under subdivision 1, *except for the equalization levies defined in section 273.1398, subdivision 2a, paragraph (a),* by the amount of homestead and agricultural credit aid certified by section 273.1398, subdivision 2, reduced by the amount under section 273.1398, subdivision 5a, and equalization aid certified by section 477A.013, subdivision 5. If a local government's homestead and agricultural credit 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 homestead and agricultural credit aid was allocated is the levy or fund which must be adjusted.

Sec. 29. Minnesota Statutes 1988, section 275.125, subdivision 10, is amended to read:

Subd. 10. [CERTIFICATION OF LEVY LIMITATIONS.] *By August 15, the commissioner shall notify the school districts of their levy limits. The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to subdivision 15 as well as adjustments to final pupil unit counts.*

A school district ~~shall have the right to~~ may require the commissioner to review the certification and to present evidence in support of modification of the certification.



The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over ~~not to exceed~~ two calendar years.

Sec. 30. Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in ~~1989 1990~~ payable in ~~1990 1991~~ and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) for taxes levied in 1990, payable in 1991 and subsequent years, pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this clause for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph (i), are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance programs" include income maintenance programs in section 273.1398, subdivision 1, paragraph (i), to the extent the county provides benefits under those programs over the statutory mandated standards. Effective with taxes levied in 1990, the portion of this special levy for human service programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c, or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(c) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(e) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(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;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5;

(k) pay the cost of hospital care under section 261.21;

(l) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3;

(m) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 275.51, subdivision 3;

(n) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 275.51, subdivision 3. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(o) pay the operating cost of regional library services authorized under

section 134.34, subject to a maximum increase over the previous year of the greater of (1) 103 percent multiplied by one plus the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause (b), or (2) six percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year. *This limit may be redistributed according to the provisions of section 134.342.* In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

(p) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6;

(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15;

(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereafter, counties levying under this provision must levy under clause (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph;

(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990;

(t) for taxes levied in 1990 only by a county in the eighth judicial district, provide an amount equal to the amount of the levy, if any, that is required under Laws 1989, chapter 335, article 3, section 54, subdivision 8;

(u) for taxes levied in 1989, payable in 1990 only, pay the costs not reimbursed by the state or federal government:

(i) for the costs of purchase or delivery of social services. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties.

(ii) for payments made to or on behalf of recipients of aid under any public assistance program authorized by law. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent and must be used only for the public assistance programs; ~~and~~.

*If the amount levied under this paragraph (u) in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference*

*between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991;*

(v) *pay an amount of up to 25 percent of the money sought for distribution and approved under section 115A.557, subdivision 3, paragraph (b), clause (3)-;*

(w) *pay the unreimbursed costs of per diem jail or correctional facilities services paid by the county in the previous 12-month period ending on July 1 of the current year provided that the county is operating under a department of corrections directive that limits the capacity of a county jail as authorized in section 641.01 or 641.262, or a correctional facility as defined in section 241.021, subdivision 1, paragraph (5);*

(x) *for taxes levied in 1990 and 1991, payable in 1991 and 1992 only, pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (5), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the department of corrections. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.51, shall be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;*

(y) *for taxes levied in 1990, payable in 1991 only, pay an amount equal to the unreimbursed county costs paid in 1989 and 1990 for the purpose of grasshopper control; and, for taxes levied in 1991 payable in 1992 only, pay an amount equal to the unreimbursed county costs paid in 1991 for the purpose of grasshopper control;*

(z) *for a county, provide an amount needed to fund comprehensive local water implementation activities under sections 103B.3361 to 103B.3369 as provided in this clause.*

*A county may levy an amount not to exceed the water implementation local tax rate times the adjusted net tax capacity of the county for the preceding year. The water implementation local tax rate shall be set by August 1 each year by the commissioner of revenue for taxes payable in the following year. As used in this paragraph, the "adjusted net tax capacity of the county" means the net tax capacity of the county as equalized by the commissioner of revenue based upon the results of an assessment/sales ratio study. That rate shall be the rate, rounded up to the nearest one-thousandth of a percent, that, when applied to the adjusted net tax capacity for all counties, raises the amount specified in this clause. The water implementation local tax rate for taxes levied in 1990 shall be the rate that raises \$1,500,000 and the rate for taxes levied in 1991 shall be the rate that raises \$1,500,000. A county must levy a tax at the rate established under this clause to qualify for a grant from the board of water and soil resources under section 103B.3369, subdivision 5;*

(aa) *pay the unreimbursed county costs for court-ordered family-based services and court-ordered out-of-home placement for children to the extent that the county can demonstrate to the commissioner of revenue that the*

*estimated amount included in the county's budget for the following levy year is for the purposes specified under this clause. For purposes of this special levy, costs for "family-based services" and "out-of-home placement" means costs resulting from court-ordered targeted family services designed to avoid out-of-home placement and from court-ordered out-of-home placement under the provisions of sections 260.172 and 260.191, which are unreimbursed by the state or federal government, insurance proceeds, or parental or child obligations. Any amount levied under this clause must only be used by the county for the purposes specified in this clause.*

*If the county uses this special levy and the county levied an amount in the previous levy year, for the purposes specified under this clause, under another special levy or under the levy limitation in section 275.51, the following adjustments must be made:*

*(i) The amount levied in the previous levy year for the purposes specified under this clause under the levy limitation in section 275.51 must be deducted from the levy limit base under section 275.51, subdivision 3f when determining the current year levy limitation.*

*(ii) The amount levied in the previous levy year, for the purposes specified under clause (a) or clause (u) must be deducted from the previous year's amount used to calculate the maximum amount allowable under clause (a) in the current levy year; and*

*(bb) pay the amounts allowed as special levies under Laws 1989, First Special Session chapter 1, article 5, section 50, and this act.*

~~If the amount levied in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991.~~

Sec. 31. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3h, is amended to read:

Subd. 3h. [ADJUSTED LEVY LIMIT BASE.] For taxes levied in 1989 and thereafter, the adjusted levy limit base is equal to the levy limit base computed pursuant to subdivision 3f, increased by:

(a) three percent for taxes levied in 1989 and subsequent years;

(b) a percentage equal to (1) one-half of the greater of the percentage increases in population or in number of households, if any, for cities and towns and (2) the lesser of the percentage increase in population or the number of households, if any, for counties, using figures derived pursuant to subdivision 6;

(c) the amount of a permanent increase in the levy limit base approved at a general or special election held during the 12-month period ending September 30 of the levy year under section 275.58, subdivisions 1 and 2;

(d) for levy year 1989, for a county which incurred costs since October 1978, for the litigation of federal land claims under United States Code, title 18, section 1162; United States Code, title 25, section 331; and United

States Code, title 28, section 1360; an amount of up to the actual costs incurred by the county for this purpose. This adjustment shall not exceed \$250,000;

(e) for levy year 1989, an amount of \$1,724,000 for Ramsey county for implementing the local government pay equity act under sections 471.991 to 471.999. Furthermore, in levy years 1990 and 1991, an additional amount of \$862,000 shall be added to Ramsey county's adjusted levy limit base under this clause for each of the two years; and

(f) for levy year 1989, an amount equal to the decrease in a county's 50 percent share of the powerline taxes extended between taxes payable years 1988 and 1989 under section 273.42, subdivision 1. The adjustment shall be determined by the department of revenue.

For taxes levied in 1989, the adjusted levy limit base is reduced by an amount equal to the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990.

*For taxes levied in 1990, the adjusted levy limit base of a city is reduced by an amount equal to the percent of the city's revenue base used in determining aid reductions under section 477A.013, subdivision 7. For taxes levied in 1990, the adjusted levy limit base of a county is reduced by one-half of the amount equal to the percent of the county's revenue base used in determining aid reductions under section 477A.012, subdivision 5.*

Sec. 32. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 4, is amended to read:

Subd. 4. If the levy made by a governmental subdivision exceeds the limitation provided in sections 275.50 to 275.56, except when such excess levy is due to the rounding of the tax capacity rates of the governmental subdivision in accordance with section 275.28, subsequent distributions required to be made by the commissioner of finance from any formula aids pursuant to sections 477A.011 to 477A.014, or homestead and agricultural credit aid under section 273.1398, or taconite aids under sections 298.28 and 298.282 shall be reduced 33 cents for each full dollar the levy exceeds the limitation. *If a penalty under this subdivision or section 275.55, subdivision 1, is assessed against taconite aids, then the amount of the penalty must be distributed as provided in section 298.28, subdivision 11, paragraph (a).*

Sec. 33. Minnesota Statutes 1988, section 275.55, is amended to read:  
275.55 [STATE REVIEW AND REGULATION OF LEVIES.]

*Subdivision 1.* [REVIEW; PENALTIES FOR VIOLATIONS.] The commissioner of revenue, or designees, shall establish procedures by which levies of all governmental units shall be periodically reviewed. The commissioner shall be empowered to order withholding of state aids where such penalties are authorized by law, to issue, in accordance with chapter 14, rulings interpreting sections 275.50 to 275.56, and to take such other administrative actions as the commissioner deems necessary in order to carry out the provisions of sections 275.50 to 275.56. If the commissioner of revenue takes administrative action or any other action authorized by this section to enforce the provisions of sections 275.50 to 275.56, the commissioner shall give written notice of such action to the governmental

subdivision affected. Such notice shall specify the actual or impending violations by the governmental subdivision of sections 275.50 to 275.56 or the rules of the department of revenue pertaining thereto, describe the corrective action required, including, in the case of an excess levy, reduction of the governmental subdivision's levy in the next succeeding levy year in an amount equal to the amount of the excess levy, set a reasonable period of time within which the governmental subdivision shall correct the specified actual or impending violations and caution the governmental subdivision that if the specified correction is not made within the time allowed, the state aids to the governmental subdivision pursuant to sections 477A.011 to 477A.014, or homestead and agricultural credit aid pursuant to section 273.1398, or taconite aids pursuant to sections 298.28 and 298.282, as amended, will be reduced as provided in section 275.51, subdivision 4. The time period first allowed for correction may be extended by the commissioner if there is a reasonable basis for delay. County auditors, in addition to duties otherwise provided by law, shall cooperate with the commissioner in establishing such procedures and enforcing the provisions of sections 275.50 to 275.56.

*Subd. 2. [EXCESS LEVIES FOR 1992.] Notwithstanding the provisions of subdivision 1, for a home rule charter city, statutory city, or town that exceeds its payable 1992 levy limitation determined under section 275.51, a penalty shall be imposed consisting of a reduction in state aids payable to the city or town in 1992. Notwithstanding the provisions of subdivision 1, for a county that exceeds its payable 1992 levy limitation determined under section 275.51, a penalty shall be imposed consisting of a reduction in state aids payable to the county in 1992. The amount of the penalty imposed on the county, city, or town and the state aids affected shall be as determined under section 275.51, subdivision 4.*

Sec. 34. Minnesota Statutes Second 1989 Supplement, section 276.04, subdivision 2, is amended to read:

**Subd. 2. [CONTENTS OF TAX STATEMENTS.]** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality and school district must be separately stated. The amounts due other taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must

contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value as defined in section 272.03, subdivision 8;
- (2) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total tax capacity rate and adding to the result the sum of the aids enumerated in clause (3);
- (3) a total of the following aids:
  - (i) education aids payable under chapters 124 and 124A;
  - (ii) local government aids for cities, towns, and counties under chapter 477A; and
  - (iii) disparity reduction aid under section 273.1398;
- (4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total tax capacity rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;
- (5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10; and
- (6) the net tax payable in the manner required in paragraph (a).

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, ~~or a county that has adopted the provisions of Laws 1989, First Special Session chapter 1, article 9, section 81, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter,~~ the commissioner must certify this amount by September 1.

~~(d) For taxes payable in 1990, the commissioner shall prescribe language notifying taxpayers that state aid dollars were transferred from the city or town to the school district. The language must notify taxpayers that the transfer results in an increase in city or town taxes and a decrease in school taxes that is unrelated to spending decisions of the city or town and school district. The commissioner may prescribe that the amount of the transfer be stated. The commissioner may provide that the statement required under this clause be included as a separate enclosure.~~

Sec. 35. Minnesota Statutes 1989 Supplement, section 278.05, subdivision 4, is amended to read:

Subd. 4. [SALES RATIO STUDIES AS EVIDENCE.] The sales ratio studies published by the department of revenue, or any part of the studies, or any copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for use in determining education aids shall be admissible in evidence as a public record without the laying of a foundation if the sales prices used in the study are adjusted for the terms of the sale to reflect market value and are adjusted to reflect



the difference in the date of sale compared to the assessment date. The department of revenue sales ratio study shall be prima facie evidence of the level of assessment. Additional evidence relevant to the sales ratio study is also admissible. No sales ratio study received into evidence shall be conclusive or binding on the court and evidence of its reliability or unreliability may be introduced by any party including, but not limited to, evidence of inadequate adjustment of sale prices for terms of financing, inadequate adjustment of sales prices to reflect the difference in the date of sale compared to the assessment date, and inadequate sample size.

No reduction in value on the grounds of discrimination shall be granted on the basis of a sales ratio study unless

(a) the sales prices are adjusted for the terms of the sale to reflect market value,

(b) the sales prices are adjusted to reflect the difference in the date of sale compared to the assessment date,

(c) there is an adequate sample size, and

(d) the median ratio of the same classification of property in the same county, city, or town as the subject property is lower than 90 percent, except that in the case of a county containing a city of the first class, the median ratio for the county shall be the ratio determined excluding sales from the first class city within the county.

If a reduction in value on the grounds of discrimination is granted based on the above criteria, the reduction shall equal the difference between ~~90 percent~~ (1) the ratio for the petitioner's property less five percentage points and (2) the median ratio determined by the court. *In order to receive relief on the basis of discrimination, the petitioner must establish the ratio of the assessor's estimated market value to the actual fair market value for the property.*

Sec. 36. Minnesota Statutes 1988, section 281.17, is amended to read:  
281.17 [PERIOD FOR REDEMPTION.]

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22, (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a), or (c) seasonal recreational land as defined in section 273.13, subdivision 25, paragraph (d)(1) or (c)(4), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is ~~two~~ three years from the date of sale. The period of redemption for ~~other~~ all lands located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, *except homesteaded lands as defined in section 273.13, subdivision 22*, and sold to the state at a tax judgment sale is one year from the date of sale.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Sec. 37. Minnesota Statutes 1989 Supplement, section 282.01, subdivision 1, is amended to read:

Subdivision 1. [~~CLASSIFICATION; USE; EXCHANGE.~~] It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. ~~All~~ Parcels of land becoming the property of the state in trust under the provisions of any law ~~now existing or hereafter enacted~~ declaring the forfeiture of lands to the state for taxes, shall be classified by the county board of the county ~~wherein such~~ *in which the parcels lie* as conservation or nonconservation. ~~Such~~ *In making the classification shall be made with consideration, among other things, to the board shall consider* the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. ~~Such~~ *The classification, furthermore, shall aid to* ~~must~~ encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; ~~to facilitate reduction of governmental expenditures; to conserve and develop the natural resources; and to foster and develop agriculture and other industries in the districts and places best suited thereto to them.~~

In making ~~such the~~ classification the county board may ~~make use of such data and information as may be made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information pertinent thereto at the time such the classification is made.~~ ~~Such~~ *The* lands may be reclassified from time to time as the county board may ~~deem~~ *consider* necessary or desirable, except ~~as to for~~ conservation lands held by the state free from any trust in favor of any taxing district.

If ~~any such the~~ lands are located within the boundaries of ~~any an~~ organized town, with taxable valuation in excess of \$20,000, or incorporated municipality, the classification or reclassification and sale ~~shall~~ *must* first be approved by the town board of ~~such the~~ town or the governing body of ~~such the~~ municipality ~~insofar as in which the lands are located therein are concerned.~~ The town board of the town or the governing body of the municipality ~~will be deemed~~ *is considered* to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 90 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this subdivision, it ~~shall, within 90 days of the request for classification or reclassification and sale, must~~ file a written application with the county board to withhold the parcel from public sale. ~~The application must be filed within 90 days of the request for classification or reclassification and sale.~~ The county board shall then withhold the parcel from public sale for one year.

*Subd. 1a.* [~~CONVEYANCE; GENERALLY.~~] ~~Any~~ Tax-forfeited lands may be sold by the county board to ~~any an~~ organized or incorporated governmental subdivision of the state for any public purpose for which ~~such the~~ subdivision is authorized to acquire property or may be released from the

trust in favor of the taxing districts ~~upon~~ on application of ~~any~~ a state agency for ~~any~~ an authorized use at not less than their value as determined by the county board. The commissioner of revenue may convey by deed in the name of the state ~~any~~ a tract of tax-forfeited land held in trust in favor of the taxing districts, to ~~any~~ a governmental subdivision for ~~any~~ an authorized public use, ~~provided that~~ if an application is submitted to the commissioner ~~with which includes~~ a statement of facts as to the use to be made of the tract and the need therefor and the recommendation of the county board.

*Subd. 1b.* [CONVEYANCE; TARGETED NEIGHBORHOOD LANDS.] (a) *Notwithstanding subdivision 1a, in the case of tax-forfeited lands located in a targeted neighborhood, as defined in section 469.201, subdivision 10, outside the metropolitan area, as defined in section 473.121, subdivision 2, the commissioner of revenue shall may convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to a political subdivision that submits an application to the commissioner of revenue and the recommendation of the county board.*

(b) *Notwithstanding subdivision 1a, in the case of tax-forfeited lands located in a targeted neighborhood, as defined in section 469.201, subdivision 10, in a county in the metropolitan area, as defined in section 473.121, subdivision 2, the commissioner of revenue shall convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to a political subdivision that submits an application to the commissioner of revenue and the county board.*

(c) *The application under paragraph (a) or (b) must include a statement of facts as to the use to be made of the tract, the need therefor, and a resolution, adopted by the governing body of the political subdivision, finding that the conveyance of a tract of tax-forfeited land to the political subdivision is necessary to provide for the redevelopment of land as productive taxable property.*

*Subd. 1c.* [DEED OF CONVEYANCE.] *The deed of conveyance shall must be upon on a form approved by the attorney general and shall must be conditioned upon on continued use for the purpose stated in the application; provided, however, that. If, however, the governing body of such the governmental subdivision by resolution determines that some other public use shall should be made of such the lands, and such the change of use is approved by the county board and an application for such change of use is made to, and approved by, the commissioner, such the changed use may be made of such lands without the necessity of the governing body conveying the lands back to the state and securing a new conveyance from the state to the governmental subdivision for such the new public use.*

*Subd. 1d.* [FAILURE TO USE; CONVEYANCE TO STATE.] *Whenever any When a governmental subdivision to which any tax-forfeited land has been conveyed for a specified public use as provided in this section shall fail fails to put such the land to such that use, or to some other authorized public use as provided herein in this section, or shall abandon such abandons that use, the governing body of the subdivision shall authorize the proper officers to convey the same land, or such portion thereof the part of the land not required for an authorized public use, to the state of Minnesota, and such. The officers shall execute a deed of such conveyance forthwith, which immediately. The conveyance shall be is subject to the approval of the commissioner and in its form must be approved by the*

attorney general, ~~provided, however, that~~. A sale, lease, transfer, or other conveyance of ~~such tax-forfeited~~ lands by a housing and redevelopment authority, a port authority, an economic development authority, or a city as authorized by chapter 469 ~~shall not be~~ *is not* an abandonment of ~~such~~ use and ~~such~~ the lands shall not be reconveyed to the state nor shall they revert to the state. A certificate made by a housing and redevelopment authority, a port authority, an economic development authority, or a city referring to a conveyance by it and stating that the conveyance has been made as authorized by chapter 469 may be filed with the county recorder or registrar of titles, and the rights of reverter in favor of the state provided by ~~this~~ subdivision *1e* will then terminate. No vote of the people ~~shall be~~ *is* required for ~~such~~ the conveyance.

*Subd. 1e.* [REVERSION.] ~~In case any such~~ *If the tax-forfeited land shall* ~~is not be so~~ conveyed to the state *in accordance with subdivision 1d*, the commissioner of revenue shall by written instrument, in form approved by the attorney general, declare the ~~same land~~ to have reverted to the state, and shall serve a notice ~~thereof of reversion~~, with a copy of the declaration, by certified mail upon the clerk or recorder of the governmental subdivision concerned, ~~provided, that~~. No declaration of reversion shall be made earlier than five years from the date of conveyance for failure to put ~~such~~ land to ~~such~~ the use *specified* or from the date of abandonment of ~~such~~ that use if ~~such~~ the lands have been put to ~~such~~ that use. The commissioner shall file the original declaration in the commissioner's office, with verified proof of service ~~as herein required~~. The governmental subdivision may appeal to the district court of the county in which the land lies by filing with the court administrator a notice of appeal, specifying the grounds of appeal and the description of the land involved, mailing a copy ~~thereof of the notice of appeal~~ by certified mail to the commissioner of revenue, and filing a copy ~~thereof~~ for record with the county recorder or registrar of titles, all within 30 days after the mailing of the notice of reversion. The appeal shall be tried by the court in like manner as a civil action. If no appeal is taken ~~as herein~~ provided *in this subdivision*, the declaration of reversion ~~shall be~~ *is* final. The commissioner of revenue shall file for record with the county recorder or registrar of titles, of the county within which the land lies, a certified copy of the declaration of reversion and proof of service.

*Subd. 1f.* [EXCHANGE.] ~~Any~~ A city of the first class ~~now or hereafter~~ *having* with a population of 450,000, or over, or its board of park commissioners, which has acquired tax-forfeited land for a specified public use ~~pursuant to the terms of under~~ this section, may convey ~~said~~ the land in exchange for other land of substantially equal worth located in ~~said~~ the city of the first class, ~~provided that~~. The land conveyed to ~~said~~ the city of the first class ~~now or hereafter~~ *having* a population of 450,000, or over, or its board of park commissioners, in exchange ~~shall be~~ *is* subject to the public use and reversionary provisions of this section. The tax-forfeited land so conveyed ~~shall~~ *is* thereafter be free and discharged from the public use and reversionary provisions of this section, ~~provided that said~~. *The exchange shall in no way affect the mineral or mineral rights of the state of Minnesota, if any, in the lands so exchanged.*

Sec. 38. Minnesota Statutes 1989 Supplement, section 375.192, subdivision 2, is amended to read:

*Subd. 2.* ~~Notwithstanding section 270.07~~, Upon written application by the owner of the property, if the ~~application~~ seeks a ~~reduction in~~ *estimated*

~~market value not in excess of \$10,000, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. The application must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board. The methods of obtaining a reduction or abatement of ad valorem values contained in subdivisions 1 and 2 are in addition to the method provided in section 270.07. No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. Before taking action on any reduction or abatement where the reduction of taxes, costs, penalties, and interest exceed \$10,000, the county board shall give 20 days' notice to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.~~

*An appeal may not be taken to the tax court from any order of the county board made in the exercise of the discretionary authority granted in this section.*

Sec. 39. Minnesota Statutes 1989 Supplement, section 462.396, subdivision 2, is amended to read:

Subd. 2. On or before August 20 each year, the commission shall submit its proposed budget for the ensuing calendar year showing anticipated receipts, disbursements and ad valorem tax levy with a written notice of the time and place of the public hearing on the proposed budget to each county auditor and municipal clerk within the region and those town clerks who in advance have requested a copy of the budget and notice of public hearing. On or before October 1 each year, the commission shall adopt, after a public hearing held not later than September 20, a budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the secretary of the commission shall certify to the auditor of each county within the region the county share of the tax, which shall be an amount bearing the same proportion to the total levy agreed on by the commission as the net tax capacity of the county bears to the net tax capacity of the region. ~~For taxes levied in 1990 and thereafter, the maximum amount amounts of any levy levies made for the purposes of sections 462.381 to 462.398 shall not exceed 0.00403 percent of market value on all taxable property in the region; are the following amounts, less the sum of regional planning grants from the state planning agency to that region: for Region 1, \$180,337; for Region 2, \$150,000; for Region 3, \$353,110; for Region 5, \$195,865; for Region 6E, \$197,177; for Region 6W, \$150,000; for~~

*Region 7E, \$158,653; for Region 8, \$206,107; for Region 9, \$343,572.* The auditor of each county in the region shall add the amount of any levy made by the commission within the limits imposed by this subdivision to other tax levies of the county for collection by the county treasurer with other taxes. When collected the county treasurer shall make settlement of the taxes with the commission in the same manner as other taxes are distributed to political subdivisions.

Sec. 40. Minnesota Statutes 1988, section 469.059, subdivision 11, is amended to read:

Subd. 11. [PROCEDURE.] Tax-forfeited lands in an industrial development district that are vested in the state shall be conveyed to the port authority that is developing the district for one dollar per tract. The port authority may use and later resell the land for purposes of sections 469.048 to 469.068.

In conveying tax-forfeited land to a port authority, the state may not retain a possibility of reverter or right of reentry as it does under section 282.01, subdivision 4 *le*.

The commissioner of revenue shall convey tax-forfeited parcels in an industrial development district to the port authority, if the authority petitions for conveyance under sections 469.048 to 469.068 and pays one dollar per tract.

The attorney general shall approve the form of the deed of conveyance. The port authority shall receive absolute title to the tract, subject only to a reservation of minerals and mineral rights, under section 282.12. The deed of conveyance must not contain a restriction on the use of the premises. The conveyance divests the state of all further right, title, claim or interest in the tracts, except for the reservation of minerals and mineral rights.

Sec. 41. Minnesota Statutes Second 1989 Supplement, section 469.171, subdivision 7a, is amended to read:

Subd. 7a. [PROPERTY TAX CREDIT; APPROPRIATION.] There is annually appropriated from the general fund to the commissioner of revenue the amounts required to reimburse taxing jurisdictions for the revenue lost due to the property tax credit provided in subdivision 1, clause (4). Payment shall be made to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. Payment shall be made to taxing jurisdictions, other than school districts, at the ~~times~~ *time* provided in section ~~477A.015~~ *473H.10, subdivision 3.*

Sec. 42. Minnesota Statutes Second 1989 Supplement, section 473H.10, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.] (a) After having determined the market value of all land valued according to subdivision 2, the assessor shall compute the gross tax capacity of those properties by applying the appropriate classification percentages. When computing the rate of tax pursuant to section 275.08, the county auditor shall include the gross tax capacity of land as provided in this clause.

(b) The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the gross tax capacity times the total rate of tax for all purposes as provided in clause (a).

(c) The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the gross tax capacity times 105 percent of the previous year's statewide average tax capacity rate levied on property located within townships for all purposes.

(d) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c), whichever is less. If the gross tax in clause (c) is less than the gross tax in clause (b), the state shall reimburse the taxing jurisdictions for the amount of difference. Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within the county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. ~~Payments~~ *Payment* shall be made by the state ~~at the times provided in section 477A.015 on December 15~~ to each of the affected taxing jurisdictions, other than school districts, in the same proportion that the ad valorem tax is distributed if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the Minnesota conservation fund under section 40A.151 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision. If the amount available in the Minnesota conservation fund is insufficient, the balance that is needed is appropriated from the general fund.

Sec. 43. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 6, is amended to read:

Subd. 6. [AID ADJUSTMENT.] For calendar year 1990, there shall be an amount equal to 3.4 percent of the town's or city's adjusted net tax capacity computed using the net class rates for taxes payable in 1990 and equalized market values as defined in section 273.1398, subtracted from the aid amounts computed under subdivision 1, in the case of towns, and under subdivisions 3 and 5 in the case of cities. For cities, the subtraction will be made first from the aid computed under subdivision 3. If the subtraction amount under this section is greater than the aid amount computed under subdivision 3, the remaining amount will be subtracted from the aid computed under subdivision 5. The resulting amounts shall be the town's local government aid or the city's local government aid and equalization aid for calendar year 1990. The local government aid and equalization aid amount for any city or town cannot be less than zero. If the subtraction amount under this section is greater than the amount for any town or city computed under subdivisions 1, 3, and 5, the remaining amount shall be subtracted from the town's or city's homestead and agricultural credit aid under section 273.1398, subdivision 2.

For purposes of this subdivision, "adjusted net tax capacity" means the city's total net tax capacity using the net class rates for taxes payable in

1990 and equalized market values as defined in section 273.1398, as adjusted for the contributions and distributions required by chapter 473F in the case of a city or town located within the metropolitan area and less the captured value in any tax increment district.

An increase in a city's property tax levy for taxes payable in 1990 attributable to the amount deducted from the city's aids under this subdivision is exempt from the city's per capita levy limit under section 275.11 and, from the city's percentage of market value levy limit under section 412.251 or 426.04, and from any limitation on levies under a city charter.

Sec. 44. Laws 1989, chapter 326, article 3, section 49, is amended to read:

Sec. 49. [EFFECTIVE DATE.]

Section 9 is effective July 1, 1989, but a well notification is not required to be filed with the commissioner for construction of a well until after December 31, 1989.

Section 14 relating to disclosing wells to buyers and transferees is effective July 1, 1990, *on lands other than tax-forfeited lands, and is effective July 1, 1991, on tax-forfeited lands.*

~~Section.~~ Sections 31, 32, and 33 are effective July 1, 1990, and limited well contractor licenses and limited well sealing licenses may not be issued until after that date.

Sections 24 and 33 relating to permits required for elevator shafts and elevator shaft contractor licenses are effective July 1, 1990.

Sec. 45. Laws 1989, chapter 353, section 13, is amended to read:

Sec. 13. [EFFECTIVE DATE.]

This act is effective July 1, 1989. Sections 6 and 9 apply to state land and tax-forfeited land sold after March 15, ~~1990~~ 1991.

Sec. 46. [ASSESSMENT OF MANUFACTURED HOME PARKS.]

*Subdivision 1. [LIMITED VALUATION INCREASE.] (a) Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the estimated market value of a manufactured home park, as defined in section 327.14, subdivision 3, and assessed under section 273.13, subdivision 25, for taxes levied in 1990, may not exceed 133-1/3 percent of its estimated market value for taxes levied in 1989 as limited by Laws 1989, First Special Session chapter 1, article 3, section 32, subdivision 1. The excess market value must be entered equally in the next two succeeding assessment years.*

*(b) This subdivision does not apply to increases in value attributable to improvements made to the real estate since the January 2, 1989, assessment. It does not apply to property becoming subject to taxation since the January 2, 1989, assessment. The limitation in this subdivision applies to any increase in valuation imposed by the local boards of review under section 274.01, the county boards of equalization under section 274.13, and the state board of equalization and the commissioner of revenue under sections 270.11, 270.12, and 270.16.*

*Subd. 2. [NOTICE TO PROPERTY OWNER.] (a) If an assessor has increased the estimated market value of property over that allowed in subdivision 1, the assessor must reduce the estimated market value to the*



amount allowed under subdivision 1.

*(b) If an assessor has notified owners of property subject to subdivision 1 of an increase in estimated market value for taxes payable in 1991, the assessor must mail notice to the property owners by July 1, 1990. The notice must state that any increase in the estimated market value of manufactured home park land for taxes levied in 1990 over that for taxes levied in 1989 has been limited by this act.*

Sec. 47. Laws 1989, First Special Session chapter 1, article 5, section 52, is amended to read:

Sec. 52. [EFFECTIVE DATE.]

Except as otherwise provided, sections 12 to 19, 27, 35, 45, and 47 are effective for taxes levied in 1989, payable in 1990 and subsequent years. Section 49 is effective upon approval by the Itasca county board for taxes levied in 1988, payable in 1989 only. Sections 1, 5, 6, 20, 31, 34, 41, 44, and 51 are effective for taxes levied by cities and towns in 1991, payable in 1992 and thereafter, and for taxes levied by counties in 1992, payable in 1993 and thereafter. Sections 2, 4, 7, 9 to 11, 21 to 26, 28 to 30, 32, 33, 36 to 40, 42, and 43 are effective for taxes levied in 1991 1992, payable in 1992 1993, and thereafter. Sections 3 and 8 are effective for taxes levied in 1992, payable in 1993 and thereafter. Section 50 is effective for taxes payable in 1989 and 1990 only.

Sec. 48. Laws 1990, chapter 480, article 8, section 18, is amended to read:

Sec. 18. [EFFECTIVE DATE.]

Sections 1 to 8, 10, and 15 are effective for taxes levied in 1989, payable in 1990, and thereafter.

Sections 9, 11 to 13, 14, and 16 are effective January 1, 1991.

Section 17 is effective the day following final enactment.

Sec. 49. [CITY OF BAYPORT; LIBRARY LEVY.]

*Subdivision 1. [LEVY AUTHORIZED.] Notwithstanding the limit in Minnesota Statutes, section 275.50, subdivision 5, clause (o), for taxes levied in 1990, payable in 1991, the city of Bayport may levy \$156,158 to pay operating costs of the city library. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56. For taxes levied in 1991 and thereafter, payable in 1992 and thereafter, the city may levy as a special levy the amount authorized under Minnesota Statutes, section 275.50, subdivision 5, clause (o). For purposes of determining the maximum levy increase under that section, the amount levied in 1990, payable in 1991, shall be the base amount.*

*Subd. 2. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day after approval by the governing body of the city of Bayport and its compliance with Minnesota Statutes, section 645.021, subdivision 3.*

*Subd. 3. [REVERSE REFERENDUM.] If the Bayport city council intends to exercise the authority provided by this section in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of*

general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.

Sec. 50. [GOODHUE COUNTY; HISTORICAL SOCIETY LEVY.]

*Subdivision 1. [LEVY AUTHORIZED.] For taxes levied in 1990 and 1991, payable in 1991 and 1992, Goodhue county may levy up to \$225,000 each year on property in the county and use the proceeds of the levy for the county historical society. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.*

*Subd. 2. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day after approval by the Goodhue county board and its compliance with Minnesota Statutes, section 645.021, subdivision 3.*

*Subd. 3. [REVERSE REFERENDUM.] If the Goodhue county board intends to exercise the authority provided by this section in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the county in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.*

Sec. 51. [CITY OF WINDOM; HOSPITAL LEVY.]

*Subdivision 1. [LEVY AUTHORIZED.] For taxes levied in 1990 and 1991, payable in 1991 and 1992, the city of Windom may levy an amount up to \$50,000 each year to meet the operating costs of the operating deficit of the municipal hospital. The annual amount levied under this section*

*shall not exceed the amount needed to meet the cost of the operating deficit of the hospital. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.*

*Subd. 2. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day after approval by the governing body of the city of Windom and its compliance with Minnesota Statutes, section 645.021, subdivision 3.*

*Subd. 3. [REVERSE REFERENDUM.] If the Windom city council intends to exercise the authority provided by this section in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.*

**Sec. 52. [KOOCHICHING COUNTY; AMBULANCE SERVICE LEVY.]**

*For taxes levied in 1990, payable in 1991, and thereafter, Koochiching County may levy to pay the costs of ambulance service in a county subordinate service district under Minnesota Statutes, section 375B.09. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.*

**Sec. 53. [DOUGLAS COUNTY; SOLID WASTE MANAGEMENT LEVY.]**

*For taxes levied in 1990, payable in 1991, and thereafter, Douglas county may levy the amount necessary to pay the principal and interest on department of energy and economic development loans made to the Pope-Douglas solid waste board on June 10, 1985, and June 15, 1986, for solid waste management purposes. The levy must be made as provided under Minnesota Statutes, section 400.11.*

*This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.*

*If the county utilizes this levy, and any part of the amount levied by the county in the previous levy year for the purposes specified under this section was included in the county's previous year's levy limitation computed under section 275.51, that amount must be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination.*

*The levy authority under this section expires when the principal and interest has been paid.*

**Sec. 54. [MILLE LACS COUNTY; SPECIAL LEVY.]**

*For taxes levied in 1990, payable in 1991 only, Mille Lacs county may levy an amount equal to the expenditures from reserve funds used in 1990 to pay social service costs. The county must provide evidence to the commissioner of revenue that expenditures from reserve funds were made for this purpose. This levy may not exceed \$694,000. This levy is not subject to the levy limitations in Minnesota Statutes, sections 275.50 to 275.56.*

**Sec. 55. [BECKER COUNTY; SPECIAL LEVY.]**

*For taxes levied in 1990, payable in 1991 only, Becker county may levy an amount equal to expenditures it made from reserve funds in calendar years 1987 and 1988. For purposes of this section, the reserves used in calendar year 1987 shall include money received under the federal revenue sharing program from previous years. This levy may not exceed \$900,000. The county must provide evidence to the commissioner of revenue that it was eligible for a levy limit base adjustment for taxes levied in 1988 for use of reserve funds under Minnesota Statutes, section 275.51, subdivision 3j and did not receive the adjustment. This levy is not subject to the levy limitations in Minnesota Statutes, sections 275.50 to 275.56.*

**Sec. 56. [GOODHUE COUNTY; SPECIAL LEVY.]**

*For taxes levied in 1990, payable in 1991 only, Goodhue county may levy an amount equal to the reduction to its levy limit base, for taxes levied in 1989, under Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3f, paragraph (i). This levy is not subject to the levy limitations in Minnesota Statutes, sections 275.50 to 275.56.*

**Sec. 57. [BONDS AUTHORIZED.]**

*Subdivision 1. The governing body of the city of Bemidji or Beltrami county may sell and issue general obligation bonds or revenue bonds of the city or the county, respectively, to finance the construction and betterment of an airport terminal and other air navigation facilities as defined in Minnesota Statutes, section 360.013, or of other related facilities, including hangars, repair shops and other buildings, and equipment needed for the storage, repair, reconstruction, and servicing of aircraft. The bonds may be issued by the city or the county on its own behalf with the consent of both parties, or with the consent of the other on behalf of both of them. The bonds must be issued, sold and secured in accordance with Minnesota Statutes, chapter 475, except as provided in subdivisions 2 and 3. The facilities to be financed by the bonds are a public convenience from which a revenue is derived, and are not indebtedness under chapter 475 or any city charter.*

*Subd. 2. The aggregate principal amount of all bonds issued by the city or the county under this section which are outstanding and undischarged at any time shall not exceed \$400,000.*

*Subd. 3. If either the city or the county issues bonds on behalf of both of them, the entity not issuing the bonds may levy ad valorem taxes on all taxable property within its corporate limits to pay the principal of and interest on the bonds as agreed upon before their issuance, and may irrevocably appropriate the collections of the taxes to the sinking fund established by the issuing entity for the payment of the bonds. The entity issuing*

*the bonds may levy ad valorem taxes on all taxable property within its corporate limits for the years and in the amounts that, together with any taxes levied and appropriated by the nonissuing entity, will meet the requirements of Minnesota Statutes, section 475.61. Neither the taxes nor any additional taxes levied to eliminate any deficiencies in the collection thereof are subject to any limitation established by general or special law or charter as to rate or amount. The taxes may not be considered in determining the amount of any other taxes which may be levied subject to any such limitation.*

*Subd. 4. (a) After approval of a bond issue under subdivision 1 or the first approval of a tax levy to pay bond obligations under subdivision 3, the governing body of the city for a city action or the county for a county action shall publish notice of the action in its official publication. The bonds may be issued and sold or the tax levied without submitting the question to the voters, unless within 30 days after the date of publication a petition signed by qualified voters equal to five percent of the voters who voted in the last general election in the governmental subdivision is filed with the city or the county.*

*(b) If a petition is filed that meets the requirements of paragraph (a), the bonds may be issued or the tax levied upon obtaining the approval of a majority of the voters voting on the question at a special or regular election.*

**Sec. 58. [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 arts and sciences, the proceeds of which may not be used for that purpose until \$500,000 in operational funding has been committed by other 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. 59. [ROSEMOUNT; ARMORY LEVY.]**

*Subdivision 1. [ARMORY LEVY.] The city of Rosemount in Dakota county may levy not more than \$95,000 per year and otherwise incur debt obligations under Minnesota Statutes, chapter 193 or 475 or both, to acquire and better an armory and to be serviced by the levy without regard to the limits on debt service and debt otherwise provided by chapter 193 or 475. This levy amount shall be a special levy under Minnesota Statutes, section 275.50, subdivision 5, clause (d).*

*Subd. 2. [REVERSE REFERENDUM.] If the city council proposes to pay the obligation under subdivision 1, it shall pass a resolution stating that fact. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing shall be held not less than two weeks nor more than four weeks after the first*

*publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution shall also be published in the official newspaper or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days thereafter a petition signed by voters equal in number to ten percent of the votes cast in the city in the last general election requesting a referendum on the proposed resolution is filed with the county auditor, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum. The referendum must be held at a special or general election prior to January 1, 1992.*

**Sec. 60. [JOINT POWERS LEVY; DRUG ENFORCEMENT.]**

*Notwithstanding Minnesota Statutes, sections 275.50 to 275.56, the cities of Maple Grove, Brooklyn Park, Brooklyn Center, and Coon Rapids may each levy for taxes levied in 1990, and thereafter, an amount up to \$2 per capita to pay the costs incurred under a joint powers agreement for the salaries and benefits of peace officers whose primary responsibilities are to investigate controlled substance crimes under chapter 152 or to teach drug abuse resistance education curricula in schools.*

**Sec. 61. [DEBT SERVICE LEVY FOR CERTAIN CERTIFICATES OF INDEBTEDNESS.]**

*Subdivision 1. [LEVY.] Notwithstanding Minnesota Statutes, section 475.754, if a city has issued certificates of indebtedness under that section during calendar year 1989 in an amount not exceeding \$150,000 for the purpose of meeting the unanticipated cost of repairing a major structural defect in a building that was undergoing renovation for which other obligations had been issued previously, any levy to pay the debt service on those certificates shall be a special levy under Minnesota Statutes, section 275.50, subdivision 5, paragraph (c).*

*Subd. 2. [REVERSE REFERENDUM.] If the city intends to exercise the authority provided by subdivision 1 in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special*

*or general election before December 1, 1991.*

**Sec. 62. [HENNEPIN COUNTY; AUTHORITY TO TRANSFER LIGHT RAIL MONEY.]**

*Notwithstanding any law to the contrary, the Hennepin county regional railroad authority may transfer any available money of the authority, including money in capital accounts, to Hennepin county to be expended to meet social service costs during 1990. The authority under this section to transfer the regional railroad authority levy applies only during calendar year 1990.*

**Sec. 63. [1989 POPULATION AND HOUSEHOLD ESTIMATES USED IN 1991 AID AND LEVY CALCULATIONS.]**

*Subdivision 1. [NOTIFICATION OF ESTIMATES.] Notwithstanding any other law, for estimates of population and number of households of local government subdivisions for 1989 only, under Minnesota Statutes, section 116K.04, subdivision 4, the estimates shall be communicated to the governing body of each subdivision by September 1, 1990.*

*Subd. 2. [1991 AID AND LEVY CALCULATIONS.] Notwithstanding any other law, for local government aids under Minnesota Statutes, section 273.1398 and chapter 477A and levy limit calculations under Minnesota Statutes, sections 275.51 to 275.56, for aids and levies payable in 1991 only, for local governmental subdivisions for which estimates of population and number of households for calendar year 1989 do not exist as of July 1, 1990, the following estimates of population and number of households will be used:*

*(1) For calculation of homestead and agricultural credit aid under Minnesota Statutes, section 273.1398, the household adjustment factor shall be equal to the number of households, for the most recently available estimate as of September 7, 1990, divided by the number of households from the year previous to the most recent estimate:*

*(2) For calculation of levy limits under Minnesota Statutes, section 275.51, the population or number of households shall be equal to the most recently available estimate of population or number of households as of July 1, 1990. If a more recent estimate of population or number of households becomes available by October 15, 1990, and use of this more recent estimate in the levy limit calculation would increase the levy limit for a governmental subdivision, the commissioner of revenue shall recompute and recertify this increased levy limit to the local government subdivision by October 22, 1990; and*

*(3) For calculation of local government aids under Minnesota Statutes, chapter 477A, the population and number of households means the population and number of households as established by the most recently available estimate as of July 1, 1990.*

*Subd. 3. [PROPOSED PROPERTY TAX NOTICES.] If, as a result of a more recent estimate of population or number of households, a local government's levy limit is increased as provided in subdivision 2, clause (2), the amount of the increase in the levy limit may be added to the proposed tax levy for purposes of the public hearings under Minnesota Statutes, section 275.065, subdivision 6.*

**Sec. 64. [INSTRUCTION TO REVISOR.]**

*In the next edition of Minnesota Statutes, the revisor of statutes shall codify in Minnesota Statutes, section 275.50, all permanent local special levies enacted in 1990.*

**Sec. 65. [REPEALER.]**

*(a) Minnesota Statutes 1989 Supplement, section 375.192, subdivision 1, is repealed.*

*(b) Minnesota Statutes 1989 Supplement, section 383A.65, is repealed.*

**Sec. 66. [EFFECTIVE DATE.]**

*Sections 3, 36, 37, 40, 44, 45, 47, 48, 62, and 63, are effective the day following final enactment.*

*Sections 4, 5, 9, 13 to 19, 23 to 28, 30, 31, 34, 39, 43, 46, 59, and 61, are effective for taxes levied in 1990, payable in 1991, and thereafter, except as otherwise provided.*

*Section 6 is effective August 1, 1990.*

*Section 7 is effective January 1, 1990, and thereafter.*

*Section 10 is effective for taxes levied in 1990, payable in 1991, and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for valuation under Minnesota Statutes, section 273.112, for the 1990 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 July 1, 1990, showing that the bylaws in rules and regulations of the private club meet the eligibility requirements of section 10 by July 1, 1990.*

*Sections 11, 12, 20, 22, 32, 33, 41, and 42, are effective for taxes levied in 1989, payable in 1990, and thereafter.*

*Section 21 is effective for reports filed in 1990, and thereafter.*

*Section 35 is effective for appeals filed after the date of final enactment.*

*Sections 38 and 65, paragraph (a), are effective for reductions or abatements filed with the county board after June 30, 1990.*

*Section 57 is effective upon approval by a majority of all members of the Bemidji city council, and by a majority of all members of the Beltrami county board of commissioners, and compliance with Minnesota Statutes, section 645.021.*

*Sections 58 and 65, paragraph (b), are effective the day after the governing body of the city of St. Paul and the Ramsey county board have both complied with Minnesota Statutes, section 645.021, subdivision 3.*

## ARTICLE 4

### PROPERTY TAX AIDS AND CREDITS

**Section 1.** Minnesota Statutes Second 1989 Supplement, section 256.025, subdivision 4, is amended to read:

**Subd. 4. [PAYMENT SCHEDULE.]** Beginning July 1, 1991, the state will reimburse counties, according to the following payment schedule, for the county share of local agency expenditures for the programs specified in subdivision 2.



(a) Beginning July 1, 1991, the state will reimburse or pay the county share of local agency expenditures according to the reporting cycle as established by the commissioner, for the programs identified in subdivision 2. Payments for the period of January 1, ~~1991~~, through July 31, ~~1991~~, for calendar years 1991, 1992, and 1993 shall be made ~~subsequent to on or before July 1, 1991~~ 10 in each of those years. Payments for the period August ~~1991~~ through December ~~1991~~ for calendar years 1991, 1992, and 1993 shall be made ~~subsequent to on or before the first third of each month thereafter through December 31, 1991~~ in each of those years.

(b) Payment for 1/24 of the base amount and the January ~~1992~~ 1994 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during on or before January 1992~~ 3, 1994. For the period of February 1, ~~1992~~ 1994, through July 31, ~~1992~~ 1994, payment of the base amount shall be made ~~subsequent to on or before July 1, 1992~~ 10, 1994, and payment of the growth amount over the base amount shall be made ~~monthly on or before the third of each month~~. Payments for the period August ~~1992~~ 1994 through December ~~1992~~ 1994 shall be made ~~subsequent to on or before the first third of each month thereafter through December 31, 1992~~ 1994.

(c) Payment for the county share of local agency expenditures during January ~~1993~~ 1995 shall be made ~~during on or before January 1993~~ 3, 1995. Payment for 1/24 of the base amount and the February ~~1993~~ 1995 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during on or before February 1993~~ 3, 1995. For the period of March 1, ~~1993~~ 1995, through July 31, ~~1993~~ 1995, payment of the base amount shall be made ~~subsequent to on or before July 1, 1993~~ 10, 1995, and payment of the growth amount over the base amount shall be made ~~monthly on or before the third of each month~~. Payments for the period August ~~1993~~ 1995 through December ~~1993~~ 1995 shall be made ~~subsequent to on or before the first third of each month thereafter through December 31, 1993~~ 1995.

(d) Monthly payments for the county share of local agency expenditures from January ~~1994~~ 1996 through February ~~1994~~ 1996 shall be made ~~subsequent to on or before the first third of each month through February 1994~~ 1996. Payment for 1/24 of the base amount and the March ~~1994~~ 1996 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during on or before March 1994~~ 1996. For the period of April 1, ~~1994~~ 1996, through July 31, ~~1994~~ 1996, payment of the base amount shall be made ~~subsequent to on or before July 1, 1994~~ 10, 1996, and payment of the growth amount over the base amount shall be made ~~monthly on or before the third of each month~~. Payments for the period August ~~1994~~ 1996 through December ~~1994~~ 1996 shall be made ~~subsequent to on or before the first third of each month thereafter through December 31, 1994~~ 1996.

(e) Monthly payments for the county share of local agency expenditures from January ~~1995~~ 1997 through March ~~1995~~ 1997 shall be made ~~subsequent to on or before the first third of each month through March 1995~~ 1997. Payment for 1/24 of the base amount and the April ~~1995~~ 1997 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during on or before April 1995~~ 3, 1997. For the period of May 1, ~~1995~~ 1997, through July 31, ~~1995~~ 1997, payment of the base amount shall be made ~~subsequent to on or before July 1, 1995~~ 10, 1997, and payment of the growth amount over the base amount

shall be made ~~monthly~~ *on or before the third of each month*. Payments for the period August ~~1995~~ 1997 through December ~~1995~~ 1997 shall be made ~~subsequent to on or before the first third~~ *on or before the first third* of each month thereafter through December 31, ~~1995~~ 1997.

(f) Monthly payments for the county share of local agency expenditures from January ~~1996~~ 1998 through April ~~1996~~ 1998 shall be made ~~subsequent to on or before the first third~~ *on or before the first third* of each month through April ~~1996~~ 1998. Payment for 1/24 of the base amount and the May ~~1996~~ 1998 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ *on or before* May ~~1996~~ 3, 1998. For the period of June 1, ~~1996~~ 1998, through July 31, ~~1996~~ 1998, payment of the base amount shall be made ~~subsequent to on or before July 1, 1996~~ *on or before July 1, 1996* 10, 1998, and payment of the growth amount over the base amount shall be made ~~monthly~~ *on or before the third of each month*. Payments for the period August ~~1996~~ 1998 through December ~~1996~~ 1998 shall be made ~~subsequent to on or before the first third~~ *on or before the first third* of each month thereafter through December 31, ~~1996~~ 1998.

(g) Monthly payments for the county share of local agency expenditures from January ~~1997~~ 1999 through May ~~1997~~ 1999 shall be made ~~subsequent to on or before the first third~~ *on or before the first third* of each month through May ~~1997~~ 1999. Payment for 1/24 of the base amount and the June ~~1997~~ 1999 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ *on or before* June ~~1997~~ 3, 1999. For the period of June 1, ~~1997~~ 1999, through July 31, ~~1997~~ 1999, payment shall be made ~~subsequent to on or before July 1, 1997~~ *on or before July 1, 1997* 10, 1999. Payments for the period August ~~1997~~ 1999 through December ~~1997~~ 1999 shall be made ~~subsequent to on or before the first third~~ *on or before the first third* of each month thereafter through December 31, ~~1997~~ 1999.

(h) Effective January 1, ~~1998~~ 2000, monthly payments for the county share of local agency expenditures shall be made subsequent to the first of each month.

Payments under this subdivision are subject to the provisions of section 256.017.

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 1, is amended to read:

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

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of tax capacity rates.

(c) "Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 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, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity

cannot be less than zero.

(d) "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1991 the class rate applied to class 3 utility real and personal property ~~the class rate applied shall be 5.38 percent~~; the class rate applied to class 4c property and that portion of class 3 property with an actual net class rate of 2.3 percent shall be 2.4 percent; the class rates applied to class 2a agricultural homestead property excluding the house, garage, and one acre shall be .4 percent for the first \$100,000 of value reduced by the value of the house, garage, and one acre, 1.3 percent for the remaining value of the first 320 acres, and 1.7 percent for the remaining value of any acreage in excess of 320 acres; the class rate applied to class 2b property shall be 1.7 percent; the class rate applied to class 1b property shall be .4 percent; and the class rate for the portion of class 1 property and the house, garage, and one acre portion of class 2a property with a market value in excess of \$100,000 shall be ~~5.38 percent~~ 3.0 percent, and (ii) estimated market values for the assessment two years prior to that in which aid is payable. The reclassification of mobile home parks as class 4c shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991 or 1992. The reclassification of fraternity and sorority houses as class 4c shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 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, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(e) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous net tax capacity of commercial-industrial property as defined in section 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, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

(f) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

(g) "1989 local tax rate" means the quotient derived by dividing the gross taxes levied within a unique taxing jurisdiction for taxes payable in 1989 by the gross tax capacity of the unique taxing jurisdiction for taxes payable in 1989. For computation of the local tax rate for aid payable in 1991 and subsequent years, gross taxes for taxes payable in 1989 exclude equalized levies as defined in subdivision 2a. For purposes of computation of the local tax rate only, gross taxes shall not be adjusted by inflation or household growth.

(h) "Current local tax rate" means the quotient derived by dividing the taxes levied within a unique taxing jurisdiction for taxes payable in the year prior to that for which aids are being calculated by the net tax capacity of the unique taxing jurisdiction.

(i) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's 1989 local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.

(j) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties" or "gross taxes," or "taxes levied" 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 or gross tax capacity, as defined in section 473F02, subdivision 3, subject to the areawide tax as provided in section 473F08, subdivision 6, in a unique taxing jurisdiction. *Gross taxes levied on all properties or gross taxes* are before reduction by any credits for taxes payable in 1989. "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

For homestead and agricultural credit aid payable in 1991 and subsequent years, "gross taxes" or "gross taxes levied on all properties" shall mean gross taxes payable in 1989, excluding taxes defined as "equalized levies" in subdivision 2a, multiplied by the cost-of-living adjustment factor and the household adjustment factor.

"Taxes levied" excludes actual amounts levied for purposes listed in subdivision 2a.

(k) "Human services aids" means:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision

6;

- (4) general assistance under section 256D.03, subdivision 2;
- (5) work readiness under section 256D.03, subdivision 2;
- (6) emergency assistance under section 256.871, subdivision 6;
- (7) Minnesota supplemental aid under section 256D.36, subdivision 1;
- (8) preadmission screening and alternative care grants under section 256B.091;
- (9) work readiness services under section 256D.051;
- (10) case management services under section 256.736, subdivision 13;
- (11) general assistance claims processing, medical transportation and related costs; and
- (12) medical assistance, medical transportation and related costs.

(j) *“Adjustment factor” means one plus the percentage change in (1) the ratio of estimated market value of residential homesteads to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years prior to the year in which the aid is payable. If the market value of farm homesteads exceeds the market value of residential homesteads in the city or township containing the unique taxing jurisdiction, “adjusted factor” means one plus the percentage change in the ratio of the estimated market value of farm homesteads to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years prior to the year in which the aid is payable. The adjustment factor cannot be less than one. Estimates of market value for the assessment one year prior to the year in which the aid is paid will be made on the basis of the abstract submitted pursuant to section 270.11. Discrepancies between the estimate and actual market values will not result in increased or decreased aid in the year in which the estimates are used to compute aid.*

(k) *(l) “Cost-of-living adjustment factor” means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.*

*(m) The percentage increase in the consumer price index means the percentage, if any, by which:*

- (1) the consumer price index for the calendar year preceding that in which aid is payable, exceeds
- (2) the consumer price index for calendar year 1989.

(h) *(n) “Consumer price index for any calendar year” means the average of the consumer price index as of the close of the 12-month period ending on May 31 of such calendar year.*

(m) *(o) “Consumer price index” means the last consumer price index for all-urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989*

shall be used.

(n) (p) "Household adjustment factor" means the number of households for the *second* most recent year preceding that in which the aids are payable divided by the ~~1988~~ number of households for the *third* most recent year. *The household adjustment factor cannot be less than one.*

(q) "Growth adjustment factor" means the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the second most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. In the case of special taxing districts, the growth adjustment factor equals one. ~~The household~~ growth adjustment factor cannot be less than one.

(r) "Homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.

(s) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the unique taxing jurisdiction's current local tax rate. *The net tax capacity adjustment cannot be less than zero.*

(t) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies as defined in subdivision 2a.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] (a) ~~Initial~~ For aid payable in 1991, homestead and agricultural credit aid for each unique taxing jurisdiction equals the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. The commissioner of revenue may, in computing the amount of the homestead and agricultural credit aid paid in 1990 and subsequent years, adjust the gross tax capacity, net tax capacity, and gross taxes of a taxing jurisdiction for taxes payable in 1989 to reflect auditor's errors in computing taxes payable for 1989 in unique taxing jurisdictions within independent school district Nos. 720 and 792. Homestead and agricultural credit aid cannot be less than zero.

(b)(1) The 1990 and 1991 homestead and agricultural credit aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction. *The net tax capacity adjustment is allocated to each local government levying taxes*

*in the unique taxing jurisdiction in the proportion that the local government's taxes levied bears to the total taxes levied in the unique taxing jurisdiction.*

(2) The 1990 homestead and agricultural credit aid so determined for school districts for purposes of general education levies pursuant to section 124A.23, subdivisions 2 and 2a, and transportation levies pursuant to section 275.125, subdivisions 5 and 5c, shall be multiplied by the ratio of the adjusted gross tax capacity based upon the 1988 adjusted gross tax capacity to the estimated 1987 adjusted gross tax capacity based upon the 1987 adjusted assessed value.

(3) 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 homestead and agricultural credit 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) The calendar year 1990 homestead and agricultural credit aid shall be adjusted by the adjustment factor.

(d) Payments under this subdivision to counties in 1990 ~~and subsequent years~~ and 1991 shall be reduced by the amount provided in section 477A.012, subdivisions 3, paragraph (d), ~~and~~ 4, paragraph (d), and 5.

(e) Payments under this subdivision to ~~cities and towns~~ in 1990 and 1991 shall be ~~annually~~ reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivision 6.

(f) *Payments under this subdivision to cities in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivisions 6 and 7.*

(g) *Payments under this subdivision to special taxing districts, excluding hospital districts and the regional transit board defined in section 473.373, in 1990 and 1991 shall be reduced by an amount equal to 2.35 percent of the amount levied for taxes payable in 1990, before reduction for homestead and agricultural credit aid and disparity reduction aid. Payments under this subdivision to the regional transit board in 1990 and 1991 shall be reduced by \$450,000.*

(h) *Payments under this subdivision to all taxing jurisdictions in 1992 and subsequent years are equal to the product of (1) the homestead and agricultural credit aid base, and (2) the growth adjustment factor, plus the net tax capacity adjustment and the fiscal disparity adjustment.*

Sec. 4. Minnesota Statutes 1988, section 273.1398, is amended by adding a subdivision to read:

*Subd. 2c. [COMPUTATION BY COMMISSIONER.] Notwithstanding the provisions of subdivisions 1 and 2 requiring the computation of homestead and agricultural credit aid at the unique taxing jurisdiction level, the commissioner may, upon consultation with the chairs of the house tax committee and senate committee on taxes and tax laws, compute homestead and agricultural credit aid at a higher level if it would have a negligible impact or if changes in the composition of unique taxing jurisdictions do*

*not permit computation at the unique taxing jurisdiction level.*

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 275.07, subdivision 3, is amended to read:

Subd. 3. The county auditor shall adjust each local government's levy certified under subdivision 1 by the amount of homestead and agricultural credit aid certified by section 273.1398, subdivision 2, reduced by the amount under section 273.1398, subdivision 5a-; *fiscal disparity homestead and agricultural credit aid under section 273.1398, subdivision 2b;* and equalization aid certified by section 477A.013, subdivision 5. If a local government's homestead and agricultural credit 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 homestead and agricultural credit aid was allocated is the levy or fund which must be adjusted.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 477A.011, subdivision 1a, is amended to read:

Subd. 1a. [CITY.] City means a statutory or home rule charter city. City also means a town having a population of 5,000 or more for purposes of the aid payable under section 477A.013, subdivision 3. Towns ~~and cities of the first class~~ are not eligible to be treated as cities for purposes of aid payable under section 477A.013, subdivision 5 *or the aid adjustment under section 477A.013, subdivision 7.*

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 477A.011, subdivision 25, is amended to read:

Subd. 25. [NET TAX CAPACITY.] "Net tax capacity" means for aids payable under section 477A.013, subdivision 5, (1) the net tax capacity of a city computed using the ~~net tax capacity class~~ rates in ~~Minnesota Statutes 1988~~, section 273.13, *for taxes payable the year prior to the aid distribution*, and based on ~~1988~~ estimated market values *for taxes payable the year prior to the aid distribution*, plus (2) a city's fiscal disparities distribution tax capacity under section 473F08, subdivision 2, paragraph (b), *for taxes payable in 1989 the year prior to the aid distribution*. 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, and~~ (3) the market value of transmission lines deducted from a city's total net tax capacity under section 273.425. The net tax capacity will be computed using equalized market values.

Sec. 8. Minnesota Statutes 1988, section 477A.011, is amended by adding a subdivision to read:

Subd. 26. [REVENUE BASE.] "*Revenue base*" means the amount levied for taxes payable in 1990 less the special levies under section 275.50, subdivision 5, clause (u), including the levy on the fiscal disparity distribution under section 473F08, subdivision 3, paragraph (a), and before reduction for the homestead and agricultural credit aid under section 273.1398, subdivision 2, equalization aid under section 477A.013, subdivision 5, and disparity reduction aid under section 273.1398, subdivision 3; plus the local government aid under sections 477A.011; 477A.012, subdivisions 1 and 3, determined without regard to subdivision 2; and 477A.013, subdivisions 3 and 6; and the estimated taconite aids used to



determine levy limits for taxes payable in 1990 under section 275.51, subdivision 3i.

Sec. 9. Minnesota Statutes 1988, section 477A.011, is amended by adding a subdivision to read:

*Subd. 27. [REDUCTION PERCENTAGE.] "Reduction percentage" is the equal percentage reduction in each county and city revenue base that is necessary to reduce 1990 aid payments by \$28,000,000 under sections 477A.012, subdivision 5 and 477A.013, subdivision 7.*

Sec. 10. Minnesota Statutes 1988, section 477A.012, subdivision 1, is amended to read:

*Subdivision 1. [AID AMOUNT.] In calendar year ~~1988 and calendar years thereafter~~ 1990, each county government shall receive a distribution equal to the aid amount certified for 1987 pursuant to this subdivision. In calendar year 1991 and subsequent years, each county government shall receive a distribution equal to the aid amount it received in 1990 under this subdivision less the reduction made under subdivision 5.*

Sec. 11. Minnesota Statutes 1988, section 477A.012, is amended by adding a subdivision to read:

*Subd. 5. [COUNTY AID ADJUSTMENT.] For calendar year 1990, a county's aid amount as calculated under subdivisions 1 and 3 is reduced by an amount equal to the product of its revenue base and the reduction percentage. The amount of aid computed under this subdivision and subdivisions 1 and 3 cannot be less than \$0. If the subtraction amount under this subdivision is greater than the amount of aid calculated for any county under subdivisions 1 and 3, the remaining amount shall be next subtracted from the county's homestead and agricultural credit aid under section 273.1398, subdivision 2, and then, if necessary, from the county's disparity reduction aid under section 273.1398, subdivision 3.*

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 3, is amended 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, a city whose initial aid is greater than \$0 will receive an amount equal to the aid it received under this section 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.

~~In 1991 and subsequent years, a city whose initial aid is greater than \$0 will receive an amount equal to the aid it received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to 25 percent of the rates listed in clauses (1) to (10) multiplied by city revenue.~~

*In 1991 and subsequent years, a city will receive an amount equal to the local government aid it received under this section in the previous year.*

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, or (3) 15 percent of the total *local government aid* amount received under this section in the previous year, provided that no city will receive an increase that is less than two percent of its 1989 local government aid for aids payable in 1990.

A city whose initial aid is \$0 will receive in 1990 an amount equal to 102 percent of the local government aid it received in 1989 under Minnesota Statutes 1988, section 477A.013. A city whose initial aid is \$0 will receive in 1991 ~~and subsequent years~~ an amount equal to the aid it received in the previous year under this section. For purposes of this subdivision, the term "local government aid" ~~includes~~ *does not include* equalization aid ~~for aids payable in 1991 and thereafter~~ *amounts under subdivision 5.*

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 5, is amended to read:

Subd. 5. [EQUALIZATION AID.] A city is eligible for equalization aid ~~in 1990 only. The amount of the aid is equal to (1) the aid amount received under this subdivision in 1990 after the adjustments, if any, under subdivisions 6 and 7, plus an equalization aid increase equal to the product of~~ (i) a city's average levy for the three immediately preceding years less the disparity reduction aids allocated to the city pursuant to ~~Minnesota Statutes 1988,~~ section 273.1398, subdivision 3, ~~for the year prior to the aid distribution, and less the equalization aid it received under this section in the year prior to that for which the aid is being calculated,~~ (ii) ~~.36~~ .30, and (iii) one minus the ratio of the net tax capacity per capita to 900; ~~less~~ (2) ~~the local government aid increase for the city under subdivision 3. The equalization aid increase under this section is limited to 15~~ 12 percent of the total ~~local government~~ aid the city received ~~in 1989 under this section in the prior year.~~ The aid under this section cannot be less than zero. For the purposes of this subdivision, "levy" includes a city's levy on fiscal disparities distribution under section 473F.08, subdivision 3, paragraph (a).

*If the amount allocated under section 477A.03, subdivision 1, is insufficient to pay the aid amounts calculated under this subdivision, the commissioner of revenue shall first proportionately reduce the equalization aid increase for each city so that the sum of the equalization aid amounts paid under this subdivision equals the amount allocated in section 477A.03, subdivision 1. If the equalization aid increase is reduced to zero and the amount allocated under section 477A.03, subdivision 1, is still insufficient to pay the aid amounts under this subdivision, the remaining amount of equalization aid for each city will be reduced proportionately so that the sum of the aid paid under this subdivision equals the amount allocated in section 477A.03, subdivision 1.*

Sec. 14. Minnesota Statutes 1988, section 477A.013, is amended by adding a subdivision to read:

*Subd. 7. [1990 CITY AID ADJUSTMENT.] For cities only in calendar year 1990, there shall be an amount, equal to the product of a city's revenue base and the reduction percentage, subtracted from the aid amounts computed under subdivisions 3, 5, and 6. The subtraction will be made first from the local government aid computed under subdivisions 3 and 6. If the subtraction amount under this subdivision is greater than the local government aid computed under subdivisions 3 and 6, the remaining amount will be subtracted from the equalization aid computed under subdivisions 5 and 6. The resulting amounts shall be the city's local government aid and equalization aid for calendar year 1990. The local government aid and equalization aid amount for any city cannot be less than zero. If the subtraction amount under this section is greater than the aid amount for any city computed under subdivisions 3, 5, and 6, the remaining amount shall be subtracted next from the city's homestead and agricultural credit aid under section 273.1398, subdivision 2, and then, if necessary, from the city's disparity reduction aid under section 273.1398, subdivision 3.*

Sec. 15. Minnesota Statutes 1988, section 477A.03, subdivision 1, is amended to read:

*Subdivision 1. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue. For aids payable in 1991 and thereafter, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to \$19,485,684.*

Sec. 16. Minnesota Statutes 1988, section 477A.11, subdivision 4, is amended to read:

Subd. 4. "Other natural resources land" means:

*(1) any other land presently owned in fee title by the state and administered by the commissioner, or any tax-forfeited land, other than platted lots within a city, which is owned by the state and administered by the commissioner or by the county in which it is located; and*

*(2) land leased by the state from the United States of America through the United States Secretary of Agriculture pursuant to Title III of the Bankhead Jones Farm Tenant Act, which land is commonly referred to as land utilization project land that is administered by the commissioner.*

Sec. 17. Minnesota Statutes 1988, section 477A.13, is amended to read:  
477A.13 [TIME OF PAYMENT, DEDUCTIONS.]

Payments to the counties shall be made from the general fund during the month of July of the year next following certification. There shall be deducted from amounts paid any amounts paid to a county or township during the preceding year pursuant to sections 89.036, 97A.061, subdivisions 1 and 2, and 272.68, subdivision 3 with respect to the lands certified pursuant to section 477A.12.

~~Payments under section 477A.12 must also be reduced by the following percentages of the amounts paid during the preceding year under section 84A.51:~~

- ~~(1) for the payment made July 15, 1984, 75 percent;~~
- ~~(2) for the payment made July 15, 1985, 50 percent;~~
- ~~(3) for the payment made July 15, 1986, 25 percent; and~~
- ~~(4) for the payment made thereafter, 0 percent.~~

Sec. 18. [SPECIAL TAXING DISTRICTS; HOMESTEAD AND AGRICULTURAL CREDIT AID REDUCTION.]

*Subdivision 1. [APPLICATION.] This section applies only to special taxing districts receiving payments of homestead and agricultural credit aid for taxes payable in 1990 of \$150,000 or more. The section applies only to the homestead and agricultural aid payments for taxes payable in 1990.*

*Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.*

*(a) "Budget" means the budget adopted by the special taxing district to determine its levy for property taxes payable in 1990. It includes changes in the budget formally adopted by the governing body of the district before March 15, 1990.*

*(b) "General fund" means the general fund or equivalent current operating fund of the special taxing district. It does not include a separate fund to pay for capital improvements and equipment or other capital costs.*

*(c) "Projected unreserved fund balance" means for the district's general fund the sum of the balance at the end of 1989 and the projected revenues for 1990 in its budget, less the budgeted amount of current, general fund expenditures for 1990. Current expenditures include budgeted payments to other public agencies or entities for their operations to the extent that the source of the payment is derived 25 percent or more from the district's property tax levy. Federal aid or other nonproperty tax revenues (other than homestead and agricultural credit aid) must be excluded from computation of the unreserved fund balance, if the revenues are passed through or paid to another entity and the expenditures are also excluded.*

*(d) "Special taxing district" or "district" means a political subdivision with the authority to levy property taxes, other than a city, county, or school district.*

*Subd. 3. [REPORTING OF RESERVE FUNDS.] By May 15, 1990, each special taxing district must report to the commissioner of revenue the following amounts: (1) its projected unreserved fund balance, (2) the revenues to be derived from its property tax levy and homestead and agricultural credit aid for taxes payable in 1990, and (3) the general fund expenditures authorized by its budget for 1990.*

*Subd. 4. [REDUCTION IN AID PAYMENTS.] The commissioner shall reduce the homestead and agricultural credit aid payments in calendar year 1990 to the district by the amount of the excess of the projected unreserved fund balance, over the greater of (1) 50 percent of its levy before reduction for homestead and agricultural credit aid and disparity reduction aid or (2) 20 percent of its general fund expenditures authorized by its 1990 budget. If the commissioner calculates that the sum of the reductions under this subdivision for all districts exceeds \$4,000,000, the commissioner shall proportionately reduce the amount for each district so that the total reduction is \$4,000,000.*

**Sec. 19. [FURTHER REDUCTIONS IN AIDS AND CREDITS.]**

*If the total of the reductions in aids and credits under this article and article 5 for fiscal year 1993 is not at least \$175,000,000, the commissioner of revenue shall further reduce state aids payable to cities, counties, and special taxing districts by an amount that, when added to the other reductions of aids and credits under this article, will equal \$175,000,000. Reductions under this section will be made in the manner provided in sections 3, 11, and 14.*

**Sec. 20. [LEVY USE FOR REDUCTIONS.]**

*If the 1990 abstract of tax lists for a county, city, or special taxing district has not been received by the commissioner of revenue by June 15, 1990, the commissioner may use the final levy certified in the report filed under section 275.07, subdivision 4, as a basis for the reduction under section 3, 11, or 14.*

**Sec. 21. [REPEALER.]**

*Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 2b, is repealed.*

**Sec. 22. [EFFECTIVE DATES.]**

*Sections 1, 3, 8, 9, 11, 14, 18, and 20 are effective for aids payable in calendar year 1990 and thereafter. Sections 2, 4, 5, 7, 10, 12, 13, 15, and 17 are effective for aids payable in calendar year 1991 and thereafter. Sections 19 and 21 are effective for aids payable in calendar year 1992 and thereafter. That part of section 6 striking a reference to cities of the first class is effective for aids paid in calendar year 1991 and thereafter. The rest of section 6 is effective for aids paid in calendar year 1990 and thereafter. Section 16 is effective July 1, 1990, and applies to payments due on or after that date.*

## ARTICLE 5

### PROPERTY TAX REFUNDS

Section 1. Minnesota Statutes 1988, section 290A.03, subdivision 11, is amended to read:

**Subd. 11. [RENT CONSTITUTING PROPERTY TAXES.]** "Rent constituting property taxes" means the amount of gross rent actually paid in cash, or its equivalent, which is attributable (a) to the property tax paid on the unit or (b) to the amount paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant. The amount of rent attributable to property taxes paid or payments

in lieu made on the unit shall be determined by multiplying the ~~net tax on the property where~~ gross rent paid by the claimant for the calendar year for the unit is located by a fraction, the numerator of which is the gross rent paid by the claimant for the calendar year for net tax on the property where the unit is located and the denominator of which is the gross rent paid for the calendar year for the property in which the unit is located total scheduled rent. In no case may the rent constituting property taxes exceed 50 percent of the gross rent paid by the claimant during that calendar year. In the case of a claimant who resides in a unit for which (1) a rent subsidy is paid to, or for, the claimant based on the income of the claimant or the claimant's family, or (2) a subsidy is paid to a public housing authority that owns or operates the claimant's rental unit, pursuant to United States Code, title 42, section 1437c, 20 percent of gross rent actually paid in cash or its equivalent shall be the claimant's "rent constituting property taxes paid." For purposes of this subdivision, "rent subsidy" does not include any housing assistance received under aid to families with dependent children, general assistance, Minnesota supplemental assistance, supplemental security income, or similar income maintenance programs.

Sec. 2. Minnesota Statutes 1988, section 290A.03, is amended by adding a subdivision to read:

*Subd. 12a. [TOTAL SCHEDULED RENT.] "Total scheduled rent" means the sum of the monthly rents assigned to the residential rental units in the property multiplied by 12. The assigned rents are the rents effective on May 3 for taxes payable in 1990 and April 15 for taxes payable in 1991 and thereafter. The rents must be an arm's-length rental, including garage rents if any, but not including charges for medical services furnished by the landlord as a part of the rental agreement. In determining total scheduled rent, no deduction is allowed for vacant units, uncollected rent, or reduced cash rents in units occupied by employees or agents of the owner.*

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 290A.04, subdivision 2a, is amended to read:

Subd. 2a. [RENTERS.] A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must 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 rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 999	1.0 percent	9 percent	\$1,000
1,000 to 1,999	<del>1.1</del> 1.0 percent	9 percent	\$1,000
2,000 to 2,999	<del>1.2</del> 1.0 percent	10 percent	\$1,000
3,000 to 3,999	<del>1.3</del> 1.0 percent	10 percent	\$1,000
4,000 to 4,999	<del>1.4</del> 1.1 percent	11 percent	\$1,000
5,000 to 5,999	<del>1.5</del> 1.2 percent	12 percent	\$1,000
6,000 to 6,999	<del>1.5</del> 1.2 percent	13 percent	\$1,000
7,000 to 7,999	<del>1.6</del> 1.3 percent	14 percent	\$1,000
8,000 to 8,999	<del>1.6</del> 1.3 percent	15 percent	\$1,000
9,000 to 9,999	<del>1.7</del> 1.4 percent	16 percent	\$1,000
10,000 to 10,999	<del>1.7</del> 1.4 percent	17 percent	\$1,000

11,000 to 11,999	<del>1.8</del> 1.5 percent	19 percent	\$1,000
12,000 to 12,999	<del>1.8</del> 1.5 percent	21 percent	\$1,000
13,000 to 13,999	<del>1.9</del> 1.6 percent	23 percent	\$1,000
14,000 to 14,999	<del>2.0</del> 1.7 percent	24 percent	\$1,000
15,000 to 15,999	<del>2.0</del> 1.8 percent	26 percent	\$1,000
16,000 to 16,999	<del>2.1</del> 1.8 percent	27 percent	\$1,000
17,000 to 17,999	<del>2.2</del> 1.9 percent	28 percent	\$1,000
18,000 to 18,999	<del>2.3</del> 2.0 percent	30 percent	\$1,000
19,000 to 19,999	<del>2.5</del> 2.2 percent	32 percent	\$1,000
20,000 to 20,999	<del>2.7</del> 2.4 percent	34 percent	\$1,000
21,000 to 21,999	<del>2.9</del> 2.6 percent	36 percent	\$1,000
22,000 to 22,999	<del>3.0</del> 2.7 percent	37 percent	\$1,000
23,000 to 23,999	<del>3.1</del> 2.8 percent	38 percent	\$1,000
24,000 to 24,999	<del>3.2</del> 2.9 percent	40 percent	\$1,000
25,000 to 25,999	<del>3.3</del> 3.0 percent	43 percent	\$1,000
26,000 to 26,999	<del>3.4</del> 3.1 percent	43 percent	\$1,000
27,000 to 27,999	<del>3.5</del> 3.2 percent	45 percent	\$1,000
28,000 to 28,999	<del>3.6</del> 3.3 percent	47 percent	\$ 900
29,000 to 29,999	<del>3.7</del> 3.4 percent	47 percent	\$ 800
30,000 to 30,999	<del>3.8</del> 3.5 percent	48 percent	\$ 700
31,000 to 31,999	<del>3.9</del> 3.5 percent	48 percent	\$ 600
32,000 to 32,999	<del>4.0</del> 3.5 percent	50 percent	\$ 500
33,000 to 33,999	<del>4.0</del> 3.5 percent	50 percent	\$ 300
34,000 to 34,999	<del>4.0</del> 3.5 percent	50 percent	\$ 100

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is \$35,000 or more.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than ten percent over the net property taxes payable in the prior year on the same property that is owned by the same owner in both years, and the amount of that increase is \$40 or more for taxes payable in 1990 and 1991, \$60 or more for taxes payable in 1992, \$80 or more for taxes payable in 1993, and \$100 or more for taxes payable in 1994, a claimant who is a homeowner shall be allowed an additional refund equal to the sum of (1) 75 percent of the first \$250 of the amount of the increase over ten percent for taxes payable in 1990 and 1991, 75 percent of the first \$275 of the amount of the increase over ten percent for taxes payable in 1992, 75 percent of the first \$300 of the amount of the increase over ten percent for taxes payable in 1993, and 75 percent of the first \$325 of the amount of the increase over ten percent for taxes payable in 1994, and (2) 90 percent of the amount of the increase over ten percent plus \$250 for taxes payable in 1990 and 1991, 90 percent of the amount of the increase over ten percent plus \$275 for taxes payable in 1992, 90 percent of the amount of the increase over ten percent plus \$300 for taxes payable in 1993, and 90 percent of the amount of the increase over ten percent plus \$325 for taxes payable in 1994. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable after

reductions made under 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 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

(c) 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.

On or before December 1, 1990, and December 1 of each of the following three years, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in the following year. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims exceed the following amounts for the taxes payable year designated, the commissioner shall ~~decrease the percentages of the excess taxes the state will pay and~~ increase the dollar amount of tax increase which must occur before a taxpayer qualifies for a refund ~~so that the estimated total refund claims do not exceed the appropriation limit.~~

Taxes payable in:	Appropriation limit
1991	<del>\$7,000,000</del> \$13,000,000
1992	\$6,500,000
1993	\$6,000,000
1994	\$5,500,000

~~The commissioner shall make the adjustments so that half of the estimated savings come from decreasing the percentages of the excess taxes the state will pay and half of the estimated savings come from increasing the dollar amount of the tax increase which must occur before a taxpayer qualifies for a refund. The determinations of the revised percentages and thresholds by the commissioner are not rules subject to chapter 14.~~

Sec. 5. Minnesota Statutes 1989 Supplement, section 290A.04, subdivision 5, is amended to read:

Subd. 5. [COMBINED RENTER AND HOMEOWNER REFUND.] In the case of a claimant who is entitled to a refund in a calendar year for claims based both on rent constituting property taxes and property taxes payable, the refund allowable equals the sum of the refunds allowable, ~~except that the sum may not exceed the higher of the maximum refund payable either based on rent constituting property taxes or property taxes payable.~~

Sec. 6. Minnesota Statutes 1988, section 290A.19, is amended to read:

290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.]

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent constituting property tax to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent has the option to either provide the certificate to the renter at the time of moving, or mail the certificate to the forwarding



address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid. *The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.*

(b) Any owner or managing agent who willfully fails to furnish a certificate to the renter and the commissioner as required by this section is liable to the commissioner for a penalty of \$100 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax. If the owner or managing agent willfully furnishes certificates that report total rent constituting property taxes in excess of the amount of actual property taxes paid on the rented part of a property, as determined under this section, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. If the owner or managing agent reports a total amount of rent constituting property taxes that exceeds by ten percent or more the actual property taxes, the report is deemed to be willful.

(c) ~~If the owner or managing agent elects to provide the renter with the certificate at the time of moving, rather than after December 31, the amount of rent constituting property taxes shall be computed as follows:~~

~~(i) The net tax shall be reduced by 1/12 for each month remaining in the calendar year.~~

~~(ii) In calculating the denominator of the fraction pursuant to section 290A.03, subdivision 11, the gross rent paid through the last month of claimant's occupancy shall be substituted for "the gross rent paid for the calendar year for the property in which the unit is located."~~

~~(d) The certificate of rent constituting property taxes shall include the address of the property, including the county, and the property tax parcel identification number and any additional information which the commissioner determines is appropriate.~~

~~(e) (d) If the owner or managing agent fails to provide the renter with a certificate of rent constituting property taxes, the commissioner shall allocate the net tax on the building to the unit on a square footage basis or other appropriate basis as the commissioner determines. The renter shall supply the commissioner with a statement from the county treasurer which gives the amount of property tax on the parcel, the address and property tax parcel identification number of the property, and the number of units in the building.~~

~~(f) The owner or managing agent must file a copy of the certificate of rent paid with the commissioner before April 15 of the year following the year in which the rent was paid. The commissioner may require that (e) By June 30, for taxes payable in 1990 and May 30 for taxes payable in 1991 and thereafter, each owner or managing agent shall report to the commissioner on a single form prescribed by the commissioner the total property taxes for a net tax pertaining to the rental residential part of the property and the allocation of the property taxes as rent constituting property taxes among the renters of the property, the total scheduled rent, and the fraction computed under section 290A.03, subdivision 11. A copy of the property tax statement for taxes payable in that year must be attached.~~

## Sec. 7. [REPEALER.]

*Minnesota Statutes Second 1989 Supplement, section 290A.045, is repealed.*

## Sec. 8. [EFFECTIVE DATE.]

*Sections 1 to 3, and 6 are effective the day following final enactment for claims based on rent paid in 1990 and thereafter. Section 4 is effective for property taxes payable in 1991 and thereafter. Section 5 is effective for claims based on rent paid in 1990 and thereafter, and property taxes payable in 1991 and thereafter. Section 7 is effective the day following final enactment and applies to taxes payable in 1990 and 1991.*

## ARTICLE 6

## SALES AND LODGING TAXES

Section 1. Minnesota Statutes 1988, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories, and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" includes

(1) machinery for the preparation, seeding or cultivation of soil for growing agricultural crops and sod, harvesting and threshing of agricultural products, harvesting or mowing of sod, and certain machinery for dairy, livestock and poultry farms;

(2) barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations, whether or not the equipment is installed by the seller and becomes part of the real property;

(3) irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property; ~~and~~

(4) logging equipment, including chain saws used for *commercial* logging ~~only if the engine displacement equals or exceeds five cubic inches; and~~

(5) *primary and backup generator units used to generate electricity for the purpose of operating farm machinery, as defined in this subdivision, or providing light or space heating necessary for the production of livestock, dairy animals, dairy products, or poultry and poultry products.*

Repair or replacement parts for farm machinery shall not be included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material, communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers except those used in the production of sod for sale, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 2. Minnesota Statutes 1988, section 297A.01, subdivision 16, is amended to read:

Subd. 16. [CAPITAL EQUIPMENT.] Capital equipment means machinery and equipment and the materials and supplies necessary to construct or install the machinery or equipment. To qualify under this definition the capital equipment must be used by the purchaser or lessee for manufacturing, fabricating, *mining, quarrying*, or refining a product to be sold at retail and must be used for the establishment of a new or the physical expansion of an existing manufacturing, fabricating, *mining, quarrying*, or refining facility in the state. *For purposes of this subdivision, "mining" includes peat mining.* Capital equipment does not include (1) machinery or equipment purchased or leased to replace machinery or equipment performing substantially the same function in an existing facility, (2) repair or replacement parts, or (3) machinery or equipment used to ~~extract~~, receive, or store raw materials.

Sec. 3. Minnesota Statutes 1988, section 297A.25, subdivision 36, is amended to read:

Subd. 36. [~~INCOMING~~, INTERSTATE WATS LINES.] The gross receipts from the sale of long distance telephone services are exempt, if the service (1) consists of a wide area telephone line that permits a long distance call to an individual or business located in Minnesota to be made from a location outside of Minnesota at no toll charge to the person placing the call; or (2) entitles a customer, upon payment of a periodic charge that is determined either as a flat amount or upon the basis of total elapsed transmission time, to the privilege of an unlimited number of long distance calls made from a location in Minnesota to a location outside of Minnesota if the customer is a qualified provider of telemarketing services. As used in this subdivision, a "qualified provider of telemarketing services" is a telemarketing firm that derives at least 80 percent of its revenues from one or more of the following activities: soliciting or providing information, soliciting sales or receiving orders, and conducting research by means of telegraph, telephone, computer data base, fiber optic, microwave, or other communication system.

Sec. 4. Minnesota Statutes 1988, section 297A.25, is amended by adding a subdivision to read:

Subd. 44. [SHIPS USED IN INTERSTATE COMMERCE.] *The gross receipts from sales of repair, replacement, and rebuilding parts and materials, and lubricants, for ships or vessels used or to be used principally in interstate or foreign commerce are exempt.*

Sec. 5. Minnesota Statutes 1988, section 297A.25, is amended by adding a subdivision to read:

Subd. 45. [SUPERCOMPUTING COMPLEX.] *The gross receipts from the sales, lease, license to use or consume, or other transfer of title or possession, or both, whether absolutely or conditionally, and from the storage, use, or consumption, of items comprising a supercomputing complex, are exempt where the purchaser, lessee, licensee, or other user is a corporation all of whose shares are owned in part by the Regents of the University of Minnesota and in part by the University of Minnesota Foundation, an organization exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1989. For this purpose, a supercomputing complex means a multi-user mainframe system having at least 12 linked processors, memory of at least five billion characters, high-speed interconnectivity, disk storage of at least 60 billion characters, and related system and application software, intended*

*for numerically intensive computing. A supercomputing complex includes, but is not limited to, the mainframe computers, associated software, processor controllers, power and coolant units, communications devices, workstations terminals, display stations, disk drives, and tape drives.*

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 469.190, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance, and a town may by the affirmative vote of the electors at the annual town meeting, or at a special town meeting, impose a tax of up to ~~six~~ three percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 469.190, subdivision 2, is amended to read:

Subd. 2. [EXISTING TAXES.] No statutory or home rule charter city or town may impose a tax under this section upon transient lodging that, when combined with any tax authorized by special law or enacted prior to 1972, exceeds a rate of ~~six~~ three percent.

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 469.190, subdivision 3, is amended to read:

Subd. 3. [DISPOSITION OF PROCEEDS.] Ninety-five percent of the gross proceeds from ~~the first three percent of~~ any tax imposed under subdivision 1 shall be used by the statutory or home rule charter city or town to fund a local convention or tourism bureau for the purpose of marketing and promoting the city or town as a tourist or convention center. This subdivision shall not apply to any statutory or home rule charter city or town that has a lodging tax authorized by special law or enacted prior to 1972 at the time of enactment of this section.

Sec. 9. [BLOOMINGTON LODGING TAX.]

*Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in Laws 1986, chapter 391, section 4, the governing body of the city of Bloomington may impose a tax of up to one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the city. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax must be used to promote the metropolitan sports area defined in Minnesota Statutes, section 473.551, subdivision 5.*

*Subd. 2. [EFFECTIVE DATE.] This section is effective the day after the filing of a certificate of local approval by the governing body of the city of Bloomington in compliance with Minnesota Statutes, section 645.021,*

subdivision 3.

Sec. 10. [ROSEVILLE LODGING TAX.]

*Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a tax authorized in Minnesota Statutes, section 469.190, the governing body of the city of Roseville may impose a tax of up to two percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the city. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax shall be dedicated to and used to pay the costs of the construction, debt service, operation, and maintenance of a public multiuse speed skating/bandy facility within the city to the extent the costs exceed any revenues derived from the lease, rental, or operation of the facility.*

Sec. 11. [EFFECTIVE DATE.]

*Sections 1 to 3 are effective for sales after June 30, 1990.*

*Section 4 is effective for sales after December 31, 1983. The provisions of Minnesota Statutes, section 297A.35, apply to refunds claimed under section 4.*

*Section 5 is effective for transactions occurring on or after December 1, 1989.*

*Sections 6 to 8 are effective February 1, 1990. Any tax increase adopted by action of a city council after February 1, 1990, under Minnesota Statutes, section 469.190, that results in a tax rate that exceeds three percent is ineffective the day following final enactment of this act.*

*Section 9 is effective the day following final enactment.*

*Section 10 is effective the day following final enactment, but only if the legislature authorizes the issuance of bonds for the construction of the facility during its 1990 session.*

## ARTICLE 7

### TAX INCREMENT FINANCING

Section 1. [273.1399] [REDUCTION IN STATE TAX INCREMENT FINANCING AID PAYMENTS.]

*Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.*

(a) "Qualifying captured tax capacity" means the following amounts:

(1) *the captured tax capacity of an economic development or soils condition tax increment financing district for which certification was requested after April 30, 1990; and*

(2) *the captured tax capacity of a tax increment financing district, other than an economic development or soils condition district, for which certification was requested after April 30, 1990, multiplied by the following percentage based on the number of years that have elapsed since the district*

was first certified (measured from January 2 immediately preceding certification of the original tax capacity). In no case may the final amounts be less than zero or greater than the total captured tax capacity of the district.

<i>Number of years</i>	<i>Renewal and Renovation Districts</i>	<i>All other Districts</i>
0 to 5	0	0
6	12.5	6.25
7	25	12.5
8	37.5	18.75
9	50	25
10	62.5	31.25
11	75	37.5
12	87.5	43.75
13	100	50
14	100	56.25
15	100	62.5
16	100	68.75
17	100	75
18	100	81.25
19	100	87.5
20	100	93.75
21 or more	100	100

*In the case of a hazardous substance subdistrict, the number of years must be measured from the date of certification of the subdistrict for purposes of the additional captured tax capacity resulting from the reduction in the subdistrict's or site's original tax capacity.*

*(b) The terms defined in section 469.174 have the meanings given in that section.*

*Subd. 2. [REPORTING.] The county auditor shall calculate the qualifying captured tax capacity amount for each municipal part of each school district in the county and report the amounts to the commissioner of revenue at the time and in the manner prescribed by the commissioner.*

*Subd. 3. [CALCULATION OF EDUCATION AIDS.] For each school district containing qualifying captured tax capacity, the commissioner of education shall compute a hypothetical state aid amount that would be paid to the school district if the qualifying captured tax capacity were divided by the sales ratio and included in the school district's adjusted tax capacity for purposes of calculating state aids. The commissioner of education shall notify the commissioner of revenue of the difference between the actual aid paid and the hypothetical aid amounts calculated for each school district, broken down by the municipality that approved the tax increment financing district containing the qualifying captured tax capacity. The resulting amount is the reduction in state tax increment financing aid.*

*Subd. 4. [EQUALIZATION FACTOR.] The amount of the reduction in state tax increment financing aid equals the amount determined under subdivision 3 less*

*(1) seventy-five percent of the excess, if any, of the amount determined under subdivision 3, over*

*(2) .05 times the municipality's tax capacity, divided by the sales ratio.*

*Subd. 5. [LOCAL GOVERNMENT AIDS; HOMESTEAD AND AGRICULTURAL AID CALCULATIONS.] (a) The reduction in state tax increment financing aid for a municipality must be deducted first from the local government aids to be paid to the municipality. If the deduction exceeds the amount of the local government aid, the rest must be deducted from the homestead and agricultural credit aid to be paid to the municipality.*

*(b) The amount of qualifying captured tax capacity must be included in adjusted tax capacity for purposes of computing the local government aid of the municipality that approved the tax increment financing district.*

Sec. 2. Minnesota Statutes 1988, section 469.043, subdivision 5, is amended to read:

*Subd. 5. [CONTINUATION OF REDEVELOPMENT COMPANY PROVISIONS.] The provisions of Minnesota Statutes 1986, sections 462.591 to 462.705, shall continue in effect with respect to any ~~redemption~~ ~~company~~ project to which a tax exemption had been granted under Minnesota Statutes 1986, section 462.651, prior to August 1, 1987, whether or not the project continues to be owned by a redevelopment company, provided that if the project is not owned by a redevelopment company or governmental unit, the exemption shall not be available during any period when the earnings of the owner from the project annually paid to the owner or its shareholders for interest, amortization, and dividends exceeds eight percent of invested capital or equity in the project.*

Sec. 3. Minnesota Statutes 1988, section 469.129, subdivision 2, is amended to read:

*Subd. 2. [REVENUE BONDS.] A city may authorize, issue, and sell revenue bonds under section 469.178, subdivision 4, to refund the principal of and interest on general obligation bonds originally issued to finance a development district, or one or more series of bonds one of which series was originally issued to finance a development district, for the purpose of relieving the city of restrictions on the application of tax increments or for other purposes authorized by law. The refunding bonds shall not be subject to the conditions set out in section 475.67, subdivisions 11 and 12. Tax increments received by the city with respect to the district may be used to pay the principal of and interest on the refunding bonds and to pay premiums for insurance or other security guaranteeing the payment of their principal and interest when due. Tax increments may be applied in any manner permitted by section 469.176, subdivisions 2 and 4. Bonds may not be issued under this subdivision after April 30, 1990.*

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 469.174, subdivision 7, is amended to read:

*Subd. 7. [ORIGINAL NET TAX CAPACITY.] (a) Except as provided in paragraph (b), "original net tax capacity" means the tax capacity 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 net tax capacity the net tax capacity 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 net tax capacity of the property shall be the net tax capacity as most recently determined by the commissioner of revenue.

(b) The original net tax capacity of any designated hazardous substance site or hazardous substance subdistrict shall be determined as of the date the authority certifies to the county auditor that the ~~agency or municipality~~ *authority* 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 net tax capacity equals (i) the net tax capacity of the parcel or parcels in the site or subdistrict, as most recently determined by the commissioner of revenue, less (ii) the estimated costs of the removal actions and remedial actions as specified in a development response action plan to be undertaken with respect to the parcel or parcels, (iii) but not less than zero.

(c) The original net tax capacity of a hazardous substance site or subdistrict shall be increased by the amount by which it was reduced pursuant to paragraph (b), clause (ii), upon certification by the municipality that the cost of the removal and remedial actions specified in the development response action plan, except for long-term monitoring and similar activities, have been paid or reimbursed.

(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. 5. Minnesota Statutes Second 1989 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) parcels consisting of 70 percent of the area of 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) parcels consisting of 70 percent of the area of 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) the property consists of vacant, unused, underused, inappropriately~~



used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad rights-of-way.

(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.

*A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. If the evidence supports a reasonable conclusion that the building is not disqualified as structurally substandard, the municipality may make such a determination without an interior inspection or an independent, expert appraisal of the cost of repair and rehabilitation of the building.*

(c) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, or other improvements unless 15 percent of the area of the parcel contains improvements.

(d) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a), clauses (1) to (3), to be included in the district, and the entire area of the district must satisfy paragraph (a).

Sec. 6. Minnesota Statutes 1988, section 469.174, is amended by adding a subdivision to read:

*Subd. 10a. [RENEWAL AND RENOVATION DISTRICT.] (a) "Renewal and renovation 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:*

*(1)(i) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements; (ii) 20 percent of the buildings are structurally substandard; and (iii) 30 percent of the other buildings require substantial renovation or clearance to remove existing conditions such 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; and*

*(2) the conditions described in clause (1) are reasonably distributed throughout the geographic area of the district.*

*(b) For purposes of determining whether a building is structurally substandard, whether parcels are occupied by buildings or other improvements, or whether noncontiguous areas qualify, the provisions of subdivision 10, paragraphs (b), (c), and (d) apply.*

Sec. 7. Minnesota Statutes 1988, 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~~ 20 percent 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. 8. Minnesota Statutes 1988, section 469.174, subdivision 12, is amended to read:

Subd. 12. [ECONOMIC DEVELOPMENT DISTRICT.] “Economic development district” means a type of tax increment financing district which consists of any project, or portions of a project, not meeting the requirements found in the definition of redevelopment district, *renewal and renovation district*, *soils condition district*, mined underground space development district, or housing district, but which the authority finds to be in the public interest because:

- (1) it will discourage commerce, industry, or manufacturing from moving their operations to another state *or municipality*; or
- (2) it will result in increased employment in the ~~municipality~~ state; or
- (3) it will result in preservation and enhancement of the tax base of the ~~municipality~~ state.

Sec. 9. Minnesota Statutes 1988, section 469.174, is amended by adding a subdivision to read:

*Subd. 21. [CREDIT ENHANCED BONDS.] “Credit enhanced bonds” means special obligation bonds that are:*

- (1) payable primarily from tax increments (i) derived from a tax increment financing district within which the activity, as defined in section 469.1763, subdivision 1, financed by at least 75 percent of the bond proceeds is located and (ii) estimated on the date of issuance to be sufficient to pay when due the debt service on the bonds, and
- (2) further secured by tax increments (i) derived from one or more tax increment financing districts and (ii) determined by the issuer to be necessary in order to make the marketing of the bonds feasible.

Sec. 10. Minnesota Statutes 1988, section 469.175, subdivision 1a, is amended 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; *and*

(2) ~~the proposed tax increment financing district is a soils condition district; and~~

~~(3) the road improvements or other road costs; are not scheduled for construction within five years under the county capital improvement plan or other formally adopted county plan, and 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 Second 1989 Supplement, section 469.175, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] A county auditor shall not certify the original net tax capacity 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. The published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The 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 *renewal or renovation 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 or a *renewal or renovation 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)~~ and (2), or subdivision 10a, 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. 12. Minnesota Statutes 1989 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 net tax capacity 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 net tax capacity of the district by the county auditor. If a redevelopment district or a *renewal and renovation 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)~~ and (2), or subdivision 10a, 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 net tax capacity of the parcels eliminated from the district equals or exceeds the net tax capacity of those parcels in the district's original net tax capacity or (B) the authority

agrees that, notwithstanding section 469.177, subdivision 1, the original net tax capacity will be reduced by no more than the current net tax capacity 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 net tax capacity by the county auditor or after August 1, 1984, for tax increment financing districts authorized prior to August 1, 1979.

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 469.175, subdivision 7, is amended to read:

Subd. 7. [CREATION OF HAZARDOUS SUBSTANCE SUBDISTRICT; RESPONSE ACTIONS.] (a) An 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 or modification to 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 to the hazardous substance sites, *including parcels that are contiguous to the site except for the interposition of a right-of-way*. Before or at the time of approval of the tax increment financing plan or plan modification providing for the creation of the hazardous substance subdistrict, the authority 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 authority, 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~~ authority to provide for the additional costs due to the designated hazardous substance site.

(e) Upon request by an 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 authority to recover the expenses, including administrative costs and litigation expenses, under section 115B.04 or other law; or

(2) assist the authority 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 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 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 authority shall reimburse the attorney general for litigation expenses not recovered in an action under paragraph (e), clause (1), but only from the additional tax increment required to be used as described in section 469.176, subdivision 4e. The authority must reimburse the attorney general for litigation expenses incurred to assist in bringing an action under paragraph (e), clause (2), but only from amounts recovered by the authority in an action or, if the amounts are insufficient, from the additional tax increment required to be used as described in section 469.176, subdivision 4e. 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 authority shall reimburse the pollution control agency for its administrative expenses incurred to review and approve a development action response plan. The authority must reimburse the pollution control agency 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), but only from amounts recovered by the ~~municipality~~ or authority in an action brought under paragraph (e) or from the additional tax increment required to be used as described in section 469.176, subdivision 4e. 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 an authority consistent with a development response action plan are deemed to be authorized response actions for the purpose of section 115B.17, subdivision 12. An authority 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 an 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. 14. Minnesota Statutes 1988, section 469.175, is amended by adding a subdivision to read:

*Subd. 8. [PAYMENT OF DEBT SERVICE ON CREDIT ENHANCED BONDS.] A tax increment financing plan may provide for the use of the tax increment to pay, or secure payment of, debt service on credit enhanced bonds issued to finance any project located within the boundaries of the municipality, whether or not the tax increment financing district from which the increment is derived is located within the boundaries of the project.*

Sec. 15. Minnesota Statutes Second 1989 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 (g), any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as the bonds continue to be outstanding. The municipality may, at the time of approval of the initial tax increment financing plan, provide for a shorter maximum duration limit than specified in paragraphs (b) to (g). The specified limit applies in place of the otherwise applicable limit.

(b) The tax increment pledged to the payment of the bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to the maturity or redemption date.

(c) For bonds issued pursuant to section 469.178, subdivisions 2 and 3, the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

(d) No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original net tax capacity of the taxable real property in the district by the county auditor or after August 1, 1982, for tax increment financing districts authorized prior to August 1, 1979, unless within the three-year period (1) bonds have been issued 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~~ (1) 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, redevelopment district, or housing district,~~ (2) after 15 years after receipt by the authority of the first increment for a renewal and renovation district, (3) after 12 years from approval of the tax increment financing plan for a soils condition district, and (4) after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after April 1, 2001, or the term of a nondefeased bond or obligation outstanding on April 1, 1990, secured by increments from the district or project area, whichever time is greater, provided that in no case will a tax increment be paid to an authority after August 1, 2009, from such a district. If a district's termination date is extended beyond April 1, 2001, because bonds were outstanding on April 1, 1990, with maturities extending beyond April 1, 2001, the following restrictions apply. No increment collected from the district may be expended after April 1, 2001, except to pay or defease (i) bonds issued before April 1, 1990, or (ii) bonds issued to refund the principal of the outstanding

bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded.

(f) Modification of a tax increment financing plan pursuant to section 469.175, subdivision 4, shall not extend the durational limitations of this subdivision.

(g) If a parcel of a district is part of a designated hazardous substance site or a hazardous substance subdistrict, tax increment may be paid to the authority from the parcel for longer than the period otherwise provided by this subdivision. The extended period for collection of tax increment begins on the date of receipt of the first tax increment from the parcel that is more than any tax increment received from the parcel before the date of the 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 1988, section 469.176, subdivision 2, is amended to read:

Subd. 2. [EXCESS TAX INCREMENTS.] (a) In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to do any of the following: (1) prepay any outstanding bonds, (2) discharge the pledge of tax increment therefor, (3) pay into an escrow account dedicated to the payment of such bond, or (4) return the excess amount to the county auditor who shall distribute the excess amount to the municipality, county, and school district in which the tax increment financing district is located in direct proportion to their respective tax capacity rates. The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution.

(b) *The amounts distributed to a city or county must be deducted from the levy limits of the governmental unit for the following year. In calculating the levy limit base for later years, the amount deducted must be treated as a local government aid payment.*

Sec. 17. Minnesota Statutes 1988, section 469.176, subdivision 3, is amended to read:

Subd. 3. [LIMITATION ON ADMINISTRATIVE EXPENSES.] (a) *For districts for which certification was requested before August 1, 1979, or after June 30, 1982, no tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.*

(b) *For districts for which certification was requested after July 31, 1979, and before July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in Minnesota Statutes 1980, section 273.73, for a project which exceeds five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.*



Sec. 18. Minnesota Statutes 1989 Supplement, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. [ECONOMIC DEVELOPMENT DISTRICTS.] (a) 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 at least ~~25~~ ten 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 a purpose other than:~~

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of property, but excluding retail sales;

(3) research and development or telemarketing if that activity is the exclusive use of the property; or

(4) tourism facilities, if the tourism facility is not located in a development regions region, as defined in section 462.384, with populations a population in excess of 1,000,000.

The percentage of buildings and facilities that may be used for non-qualifying purposes is increased above ten percent, but not over 25 percent, to the extent the nonqualifying square footage is directly related to and in support of the qualifying activity.

(b) Population must be determined under the provisions of section 477A.011. Tourism facilities are limited to hotel and motel properties, including ancillary restaurants, convention and meeting facilities, amusement parks, recreation facilities, cultural facilities, marinas, and parks. The city must find that the tourism facilities are intended primarily to serve individuals outside of the development region.

(c) If the authority financed the construction of improvements with increment revenues for a site on which the authority expected qualifying facilities to be constructed and nonqualified property was constructed on the site in excess of the amount permitted under paragraph (a) within five years after the district was created, the developer of the nonqualified property must pay to the authority an amount equal to 90 percent of the benefit resulting from the improvements. The amount required to be paid may not exceed the proportionate cost of the improvements, including capitalized interest, that was financed with increment revenues. The payment must be used to prepay or discharge bonds under section 469.176, subdivision 2, paragraph (a), clauses (1) to (3). If no bonds are outstanding, the payment shall be distributed as an excess increment. "Benefit" has the meaning given in chapter 429.

(d) Notwithstanding the provisions of this subdivision, revenue derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 5,000 square feet of commercial and retail facilities within the municipal jurisdiction of a home rule charter or statutory city that has a population of 5,000 or less. The 5,000 square feet

*limitation is cumulative and applies to all facilities in all the economic development districts within the municipal jurisdiction.*

Sec. 19. Minnesota Statutes Second 1989 Supplement, section 469.176, subdivision 4j, is amended to read:

Subd. 4j. [REDEVELOPMENT DISTRICTS.] At least 90 percent of the revenues derived from tax increments from a redevelopment district or renewal and renovation district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under section 469.174, ~~subdivision 4j~~. These costs include acquiring properties containing structurally substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition of structures, clearing of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the authority may be included in the qualifying costs.

Sec. 20. [469.1762] [ARBITRATION OF DISPUTES OVER COUNTY COSTS.]

*If the county and the authority or municipality are unable to agree on either (1) the need for or cost of road improvements under section 469.175, subdivision 1a, or (2) the amount of county administrative costs under section 469.176, subdivision 4h, and the county or municipality demands arbitration, the matter must be submitted to binding arbitration in accordance with sections 572.08 to 572.30 and the rules of the American Arbitration Association. Within 30 days after the demand for arbitration, the parties shall each select an arbitrator or agree upon a single arbitrator. If the parties each select an arbitrator, the two arbitrators shall select a third arbitrator within 45 days after the demand for arbitration. Each party shall pay the fees and expenses of the arbitrator it selected and the parties shall share equally the expenses of the third arbitrator or an arbitrator agreed upon mutually by the parties.*

Sec. 21. [469.1763] [RESTRICTIONS ON POOLING; FIVE-YEAR LIMIT.]

*Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given.*

*(b) "Activities" means acquisition of property, clearing of land, site preparation, soils correction, removal of hazardous waste or pollution, installation of utilities, construction of public or private improvements, and other similar activities, but only to the extent that tax increment revenues may be spent for such purposes under other law. Activities do not include allocated administrative expenses, but do include engineering, architectural, and similar costs of the improvements in the district.*

*(c) "Third party" means an entity other than (1) the person receiving the benefit of assistance financed with tax increments, or (2) the municipality or the development authority or other person substantially under the control of the municipality.*

*Subd. 2. [EXPENDITURES OUTSIDE DISTRICT.] (a) For each tax increment financing district, an amount equal to at least 75 percent of the revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or*

to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of the revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

*Subd. 3. [FIVE-YEAR RULE.]* (a) Revenues derived from tax increments are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification and the revenues are spent to repay the bonds;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation; or

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs.

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if one of two tests is met: (1) the proceeds of the original refunded bonds were spent on activities within five years after the district was certified or (2) the original refunded bonds are issued within five years after the district was certified and the proceeds are expended on activities within a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code.

*Subd. 4. [USE OF REVENUES FOR DECERTIFICATION.]* Beginning with the sixth year following certification of the district, 75 percent of the revenues derived from tax increments paid by properties in the district that remain after the expenditures permitted under subdivision 3 must be used only to pay outstanding bonds, as defined in subdivision 3, paragraph (a), clause (2), and paragraph (b) or contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4). When the outstanding bonds have been defeased and when sufficient money has been set aside to pay contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and (4), the district must be decertified and the pledge of tax increment discharged.

Sec. 22. Minnesota Statutes 1988, section 469.177, subdivision 8, is amended to read:

*Subd. 8. [ASSESSMENT AGREEMENTS.]* An authority may, upon entering into a development or redevelopment agreement pursuant to section 469.176, subdivision 5, enter into a written assessment agreement in recordable form with the a developer or redeveloper of property within the tax increment financing district which establishes a minimum market value of the land and completed improvements to be constructed thereon until a

specified termination date, which date shall be not later than the date upon which tax increment will no longer be remitted to the authority pursuant to section 469.176, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon the agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be constructed thereon, hereby certifies that the market value assigned to the land and improvements upon completion shall not be less than \$ . . . . .

Upon transfer of title of the land to be developed or redeveloped from the authority to the developer or redeveloper, the assessment agreement, together with a copy of this subdivision, shall be filed for record and recorded in the office of the county recorder or filed in the office of the registrar of titles of the county where the real estate or any part thereof is situated. Upon completion of the improvements by the developer or redeveloper, the assessor shall value the property pursuant to section 273.11, except that the market value assigned thereto shall not be less than the minimum market value contained in the assessment agreement. Nothing herein shall limit the discretion of the assessor to assign a market value to the property in excess of the minimum market value contained in the assessment agreement nor prohibit the developer or redeveloper from seeking, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes; provided, however, that the developer or redeveloper shall not seek, nor shall the city assessor, the county assessor, the county auditor, any board of review, any board of equalization, the commissioner of revenue, or any court of this state grant a reduction of the market value below the minimum market value contained in the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction, or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording or filing of an assessment agreement complying with the terms of this subdivision shall constitute notice of the agreement to any subsequent purchaser or encumbrancer of the land or any part thereof, whether voluntary or involuntary, and shall be binding upon them.

Sec. 23. Minnesota Statutes 1989 Supplement, section 469.177, subdivision 9, is amended to read:

Subd. 9. [DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED NET TAX CAPACITY.] (a) If the amount of tax paid on captured net tax capacity 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 tax capacity rate of the governmental unit less the governmental unit's tax capacity rate for the year the original tax capacity 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 tax capacity 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 tax capacity rates.

*The school district's tax rate must be divided into the portion of the tax rate attributable (1) to state equalized levies, and (2) unequalized levies. Equalized levies mean the levies identified in section 273.1398, subdivision 2a, and unequalized levies mean the rest of the school district's levies. The calculations under clause (2) must determine the amount of excess taxes attributable to each portion of the school district's tax rate. If one of the portions of the change in the school district tax rate is less than zero and the combined change is greater than zero, the combined rate must be used and all the school district's share of excess taxes allocated to that portion of the tax rate.*

(b) The amounts distributed shall be deducted in computing the levy limits of the taxing district for the succeeding taxable year. *In the case of a school district, only the proportion of the excess taxes attributable to unequalized levies that are subject to a fixed dollar amount levy limit shall be deducted from the levy limit.*

(c) In the case of distributions to a school district *that are attributable to state equalized levies*, 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~~ *be deducted from the school district's state aid payments.*

Sec. 24. Minnesota Statutes Second 1989 Supplement, section 469.177, subdivision 10, is amended to read:

Subd. 10. [PAYMENT TO SCHOOL FOR REFERENDUM LEVY.] (a) 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 tax capacity rates or an increase in tax capacity rates after the tax increment financing district was certified.

(b) (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 tax capacity 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 tax capacity rate under the referendum.

(2) If clause (3) applies (1) does not apply, 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 tax capacity rate under the referendum.

(c) 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. The provisions of this subdivision apply to projects for which certification was requested before, on, and after August 1, 1979.

Sec. 25. [469.1771] [VIOLATIONS.]

*Subdivision 1. [ENFORCEMENT.] (a) The commissioner of revenue shall enforce the provisions of sections 469.174 to 469.179. In addition, the owner of taxable property located in the city, town, school district, or county in which the tax increment financing district is located may bring suit for equitable relief or for damages, as provided in subdivisions 3 and 4, arising out of a failure of a municipality or authority to comply with the provisions of sections 469.174 to 469.179, or related provisions of chapter 469. The prevailing party in a suit filed under the preceding sentence is entitled to costs, including reasonable attorney fees.*

*(b) The responsibility for financial and compliance auditing of political subdivisions' use of tax increment financing remains with the state auditor. If the state auditor finds evidence that an authority or municipality has violated a provision of the law for which a remedy is provided under this section, the state auditor shall forward the relevant information to the commissioner of revenue. The commissioner of revenue may audit an authority's use of tax increment financing.*

*Subd. 2. [COLLECTION OF INCREMENT.] If an authority includes or retains a parcel of property in a tax increment financing district that does not qualify for inclusion or retention within the district, the authority must pay to the county auditor an amount of money equal to the increment collected from the property for the year or years. The property must be eliminated from the original and captured tax capacity of the district effective for the current property tax assessment year. This subdivision does not apply to a failure to decertify a district required by the duration limits under section 469.176, subdivision 1.*

*Subd. 3. [EXPENDITURE OF INCREMENT.] If an authority expends revenues derived from tax increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a permitted project under section 469.176, (2) for a purpose that is not permitted under section 469.176 for the district from which the increment was received, or (3) on activities outside of the geographic area in which the revenues may be expended under this chapter, the authority must pay to the county auditor an amount equal to the expenditures made in violation of the law.*

*Subd. 4. [LIMITATIONS.] (a) If the increments are pledged to repay bonds that were issued before the lawsuit was filed under this section, the damages under this section may not exceed the greatest of (1) the damages under subdivision 2 or 3, (2) ten percent of the expenditures or revenues derived from increment, or (3) the amount of available revenues after paying debt services due on the bonds.*

*(b) The court may abate all or part of the amount if it determines the action was taken in good faith and would work an undue hardship on the*

municipality.

*Subd. 5. [DISPOSITION OF PAYMENTS.] If the authority does not have sufficient increments or other available moneys to make a payment required by this section, the municipality that approved the district must use any available moneys to make the payment including the levying of property taxes. Money received by the county auditor under this section must be distributed as excess increments under section 469.176, subdivision 2, paragraph (a), clause (4). No distributions may be made to the municipality that approved the tax increment financing district.*

*Subd. 6. [APPLICATION.] This section applies to increments collected from tax increment financing districts and projects for which certification was requested before, on, and after August 1, 1979.*

**Sec. 26. [469.1781] [REQUIRED EXPENDITURES FOR NEIGHBORHOOD REVITALIZATION.]**

*(a) The provisions of this section apply to a city of the first class if the following conditions are met:*

*(1) the city refunded bonds and revenues, derived from increment from a district for which certification was requested before August 1, 1979, were pledged to pay the bonds;*

*(2) the refunding bonds were issued after April 1, 1988, and before April 1, 1990;*

*(3) the refunded bonds' obligations were due and payable in full by the calendar year 2002 and the refunding bonds' obligations are payable, in whole or part, during the calendar years 2001 through 2009; and*

*(4) the city had in place during 1989 an ordinance providing for excess increments to be distributed under section 469.176, subdivision 2, paragraph (a), clause (4), and the city modified the ordinance to eliminate all or part of the distributions of excess increments.*

*(b) For calendar years 1990 through 2001, in each year the city must expend for a neighborhood revitalization program, as established under section 27, an amount of revenues derived from tax increments equal to at least:*

*(1) the amount of the additional principal and interest payments that would have been due for the year on the refunded bonds, if the bonds had not been refunded; and*

*(2) the amount of money which would have been distributed as excess increments under the city ordinance had it not been modified.*

**Sec. 27. [469.1831] [NEIGHBORHOOD REVITALIZATION PROGRAMS; FIRST CLASS CITIES.]**

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

*(b) "Neighborhood action plan" means the plan developed with the participation of neighborhood residents under subdivision 6.*

*(c) "Neighborhood revitalization program" or "program" means the program developed under subdivision 5.*

*(d) "Neighborhood revitalization program money" or "program money" means the money derived from tax increments required to be expended on*

*the program under section 26, paragraph (b).*

*Subd. 2. [ESTABLISHMENT.] A city of the first class may establish a neighborhood revitalization program authorizing the expenditure of neighborhood revitalization program money. The activities of a program must preserve and enhance within the neighborhood private and public physical infrastructure, public health and safety, economic vitality, the sense of community, and social benefits.*

*Subd. 3. [PURPOSES; QUALIFYING COSTS.] (a) A neighborhood revitalization program may provide for expenditure of program money for the following purposes:*

*(1) to eliminate blighting influences by acquiring and clearing or rehabilitating properties that the city finds have caused or will cause a decline in the value of properties in the area or will increase the probability that properties in the area will be allowed to physically deteriorate;*

*(2) to assist in the development of industrial properties that provide employment opportunities paying a livable income to the residents of the neighborhood and that will not adversely affect the overall character of the neighborhood;*

*(3) to rehabilitate, renovate, or replace neighborhood commercial and retail facilities necessary to maintain neighborhood vitality;*

*(4) to eliminate health hazards through the removal of hazardous waste and pollution and return of land to productive use, if the responsible party is unavailable or unable to pay for the cost;*

*(5) to rehabilitate existing housing and encourage homeownership;*

*(6) to construct new housing, where appropriate;*

*(7) to rehabilitate and construct new low-income, affordable rental housing;*

*(8) to remove vacant and boarded up houses; and*

*(9) to rehabilitate or construct public facilities necessary to carry out the purpose of the program.*

*Subd. 4. [PROGRAM MONEY; DISTRIBUTION AND RESTRICTIONS.] (a) Neighborhood revitalization program money may only be expended in accordance with the program for a purpose listed in subdivision 3 or this subdivision. Program money may not be used in those project areas of the city where private investment is occurring without public sector assistance, except in cases where program money is being used to remove or rehabilitate structurally substandard or obsolete buildings. Revenues derived from tax increments may only be expended for the purposes otherwise permitted by law, except that notwithstanding any law to the contrary, the city must pay at least the following amount of program money, including revenues derived from tax increments: (1) 15 percent to the school district, (2) 7.5 percent to the county, and (3) 7.5 percent for social services. Payment must be made to the county and school district within 15 days after the city receives the distribution of increment revenues, provided that the payment for calendar year 1990 may be made at any time during the year. Payment to the county for social services delivery shall be paid only after approval of program and spending plans under paragraph (b). Payment to the school district for education programs and services shall be paid only after approval of program and spending plans under paragraph (b).*



*(b) The money distributed to the county in a calendar year must be deducted from the county's levy limit for the following calendar year. In calculating the county's levy limit base for later years, the amount deducted must be treated as a local government aid payment.*

*The city must notify the commissioner of education of the amount of the payment made to the school district for the year. The commissioner shall deduct from the school district's state education aid payments one-half of the amount received by the school district.*

*The program money paid to the school district must be expended for additional education programs and services in accordance with the program. The amounts expended by the school district may not replace existing services.*

*The money for social services must be paid to the county for the cost of the provision of social services under the plan, as approved by the policy board and the county board.*

*(c) The city must expend on housing programs and related purposes as provided by the program at least 75 percent of the program money, after deducting the payments to the school district and county.*

*(d) Notwithstanding any other provisions of law to the contrary, for a city of the first class qualifying under section 469.1781, paragraph (a), program money may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision.*

**Subd. 5. [NEIGHBORHOOD REVITALIZATION PROGRAM; CONTENTS.]** *(a) The neighborhood revitalization program must be developed based on the following general principles:*

*(1) the social needs of neighborhood residents, particularly lower income residents, must be addressed to provide a safe and healthy environment for neighborhood residents, provide for the self-sufficiency of families, and increase the economic and social stability of neighborhoods;*

*(2) the children residing in the neighborhoods must be given the opportunity for a quality education and the needs of each neighborhood must be addressed individually wherever possible; and*

*(3) the physical structure of the neighborhoods must be enhanced by providing safe and suitable housing and infrastructure to increase the desirability of neighborhoods as places to live.*

*(b) The neighborhood revitalization program must include the following:*

*(1) the identification of the neighborhoods that require assistance through the program;*

*(2) a strategy of the citizen participation required under subdivision 6;*

*(3) the neighborhood action plans required under subdivision 6;*

*(4) the activities of participating organizations undertaken to address the general principles; and*

*(5) an evaluation of the success of the neighborhood action plans.*

**Subd. 6. [CITIZEN PARTICIPATION REQUIRED.]** *(a) The neighborhood revitalization program must be developed with the process outlined in this subdivision.*

*(b) The development of the program must include the preparation of neighborhood action plans. The city must organize neighborhood planning workshops to prepare the neighborhood action plans. The neighborhood workshops must include the participation of, whenever possible, all populations and interests in each neighborhood including renters, homeowners, people of color, business owners, representatives of neighborhood institutions, youth, and the elderly. The neighborhood action plan must be submitted to the policy board established under paragraph (c). The city must provide available resources, information, and technical assistance to prepare the neighborhood action plans.*

*(c) Each city that develops a program must establish a policy board whose membership includes members of the city council, county board, school board, and citywide library and park board where they exist appointed by the respective governing bodies; the mayor or designee of the mayor; and a representative from the city's house of representatives delegation and a representative from the city's state senate delegation appointed by the respective delegation. The policy board may also include representatives of citywide community organizations, neighborhood organizations, business owners, labor, and neighborhood residents. The elected officials who are members of the policy board may appoint the other members of the board.*

*(d) The policy board shall review, modify where appropriate, and approve, in whole or in part, the neighborhood action plans and forward its recommendations for final action to the governing bodies represented on the policy board. The governing bodies shall review, modify where appropriate, and give final approval, in whole or in part, to those actions over which they have programmatic jurisdiction.*

*Subd. 7. [REVIEW OF PROGRAM COMPLIANCE.] The policy board must periodically review the activities funded with program money to determine if the expenditure of the program money is in compliance with the neighborhood revitalization program.*

Sec. 28. Laws 1988, chapter 719, article 12, section 30, as amended by Laws 1989, chapter 1, section 11, is amended to read:

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 4h, is effective beginning with administrative costs incurred on May 1, 1990, and notwithstanding Minnesota Statutes, section 469.179, applies to districts and project areas for which certification was requested before August 1, 1979. Section 16, subdivision 4i, is effective for districts for which the request for certification is filed with the county after 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.

**Sec. 29. [EXPENDITURE AND REPORT ON NEIGHBORHOOD REVITALIZATION; CITY OF MINNEAPOLIS.]**

*Subdivision 1. [EXPENDITURE.] The city of Minneapolis shall reserve \$10,000,000 in 1990 and \$20,000,000 each year from 1991 to 2009 from tax increment and other revenues generated from the Minneapolis community development agency common project, adopted December 30, 1989, to be expended in neighborhood revitalization. None of these revenues shall be expended in 1990.*

*Subd. 2. [REVIEW AND REPORT.] By January 1, 1991, the city shall review the collaborative process provided under section 27, subdivision 6, involving the county board and school board and citizens in developing priorities for addressing problems of neighborhoods, including housing, safety, drugs, jobs, and education. The city shall report to the legislature by February 1, 1991, on the collaborative process including any changes the city recommends, proposed expenditure of funds, and scope of coordinated activities by county, school, and city.*

**Sec. 30. [TRANSITION RULES.]**

*Subdivision 1. [CIRCLE PINES.] Section 21 does not apply to a tax increment financing district created in the city of Circle Pines, if the request for certification is filed by June 30, 1990, to the extent increments are used to clear substandard housing and construct a senior citizen housing project located outside of the district.*

*Subd. 2. [ECONOMIC DEVELOPMENT; MIXED USE.] Sections 8, 18, and 21 do not apply to tax increment financing districts established in a development district approved by an authority under Minnesota Statutes, sections 469.124 to 469.134 on February 27, 1989, if the request for certification is filed by May 1, 1992.*

*Subd. 3. [COMMERCIAL DEVELOPMENT.] Sections 15 and 21 do not apply to tax increment financing districts established in a development district approved by an authority under Minnesota Statutes, sections 469.124 to 469.134 on April 24, 1989, if the request for certification is filed by June 1, 1991.*

*Subd. 4. [MEDICAL FACILITIES.] Section 18 does not apply to a tax increment financing district in the city of Mankato to provide assistance to a clinic, medical office, or related facilities, adjacent to a nonprofit hospital, if the request for certification is filed by September 30, 1990.*

*Subd. 5. [LAKEVILLE.] Sections 8 and 18 do not apply to tax increment financing districts in the city of Lakeville created within I-35 Redevelopment Project No. 1 and which are approved by the city, if the request for certification is filed by September 30, 1990.*

*Subd. 6. [BURNSVILLE.] Sections 8 and 18 do not apply to a tax increment financing district established by the city of Burnsville for a development consisting of an amphitheatre and solid waste transfer station, if the request for certification is filed by September 30, 1990.*

*Subd. 7. [COOK COUNTY.] Section 21 does not apply to an authority in Cook county for tax increment financing districts established in a project*

created by law prior to April 30, 1990, if the request for certification is filed by May 1, 1992.

Sec. 31. [EFFECTIVE DATE.]

(a) Section 1 is effective for school year 1991-1992 and for homestead and agricultural credit aid and local government aids for taxes payable in 1991. Sections 2 to 4, 13, 17, 20, 22, 24, and 26 to 30 are effective May 1, 1990. Sections 5 to 12, 14, 15, 18, 19, and 21 are effective for districts for which certification is requested after April 30, 1990. Sections 16 and 23 are effective for distributions of excess taxes or tax increments received after December 31, 1990. Section 25 is effective for violations occurring after December 31, 1990.

(b) Notwithstanding paragraph (a) or section 1, sections 1, 5 to 12, 14, 15, 18, 19, and 21 apply to a district, if the request for certification was made after March 31, 1990, and before May 1, 1990, and none of the following actions were taken by June 1, 1991: (1) the authority entered into a development agreement for a site located in the district, (2) bonds were issued to finance project costs, or (3) the authority acquired property in the district after April 1, 1990.

## ARTICLE 8

### EDUCATION FUNDING

Section 1. Minnesota Statutes Second 1989 Supplement, section 124.83, subdivision 1, is amended to read:

Subdivision 1. [HEALTH AND SAFETY PROGRAM.] To receive health and safety revenue a district, including an intermediate district, must submit to the commissioner of education an application for aid and levy by June 1 in the previous school year. The application may be for hazardous substance removal, fire code compliance, or life safety repairs. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost of the program by fiscal year.

Sec. 2. Minnesota Statutes 1989 Supplement, section 124.83, subdivision 6, is amended to read:

Subd. 6. [USES OF HEALTH AND SAFETY REVENUE.] Health and safety revenue may be used only for approved 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. *The revenue may not be used for a building or property or part of a building or property used for post-secondary instruction or administration or for a purpose unrelated to elementary and secondary education.*

Sec. 3. Minnesota Statutes 1988, section 136D.27, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED LEVIES.] Notwithstanding section 136D.24 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1,

sections 124.83, *subdivision 4*, 127.05, 275.125, subdivisions 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*.

Sec. 4. Minnesota Statutes 1989 Supplement, section 136D.27, *subdivision 3*, is amended to read:

Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized by statute, any state aid, grant, credit, or other money to the joint school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 5. Minnesota Statutes 1988, section 136D.74, *subdivision 2a*, is amended to read:

Subd. 2a. [PROHIBITED LEVIES.] Notwithstanding subdivisions 2 and 4, section 136D.73, *subdivision 3*, or any other law to the contrary, the intermediate school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by *subdivision 1*, sections 124.83, *subdivision 4*, 127.05, 275.125, subdivisions 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. 6. Minnesota Statutes 1989 Supplement, section 136D.74, *subdivision 2b*, is amended to read:

Subd. 2b. [PROHIBITED STATE AIDS.] Notwithstanding *subdivision 4* or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the intermediate school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 7. Minnesota Statutes 1988, section 136D.87, *subdivision 2*, is amended to read:

Subd. 2. [PROHIBITED LEVIES.] Notwithstanding section 136D.84 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by *subdivision 1*, sections 124.83, *subdivision 4*, 127.05, 275.125, subdivisions 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*.

Sec. 8. Minnesota Statutes 1989 Supplement, section 136D.87, *subdivision 3*, is amended to read:

Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the joint school board, except for aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 9. Laws 1959, chapter 462, section 3, subdivision 10, as renumbered, as amended by Laws 1963, chapter 645, section 3, Laws 1967, chapter 661, section 3, Laws 1969, chapter 994, section 1, Laws 1975, chapter 320, section 1, Laws 1980, chapter 525, section 2, and Laws 1989, chapter 329, article 5, section 17, is amended to read:

Subd. 10. [SPECIAL SCHOOL DISTRICT NO. 1; MINNEAPOLIS, CITY OF; EXTENDING BONDING AUTHORITY.] As used in this act the word "project" shall mean any proposed new or enlarged school building site, any proposed new school building or any proposed new addition to a school building, and "undertaking" shall mean any other purpose for which bonds may be issued as authorized in this subdivision. Subject to the limitations of subdivision 11, the special independent school district of Minneapolis may issue and sell bonds with the approval of 53 percent of the electors voting on the question at a general school district election or at a school district election held at the same time and place within the district as a state general or primary election, as determined by the board of education. Subject to the provisions of subdivision 11, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year bonds of the district in an amount not to exceed one-half of one percent of the assessed value of the taxable property in the district (plus, for calendar year ~~1990~~ years 1990 to 1996, an amount not to exceed \$7,500,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following); provided, however, that the board shall submit the list of projects and undertakings to be financed by a proposed issue to the city planning commission as provided in subdivision 11(c). All bonds of the school district shall be payable in not more than 30 years. The proceeds of the sale of the bonds shall be used only for the rehabilitating, remodeling, expanding and equipping of existing school buildings and for the acquisition of sites, construction and equipping of new school buildings, and for acquisition and betterment purposes, and no part of the proceeds shall be used for maintenance. The provisions of this act shall apply to the issuance and sale of the bonds and to the purposes for which the bonds may be issued notwithstanding any provisions to the contrary in any other existing law relating thereto.

Sec. 10. [ST. PAUL BONDING AUTHORIZATION; TAX LEVY FOR DEBT SERVICE.]

*Subdivision 1. [BONDING AUTHORIZATION.] To provide funds to acquire or better facilities, independent school district No. 625 may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series in calendar years 1990 and 1991 as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year must not exceed \$9,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. As with other bonds issued by independent school district No. 625, the first sentence of Minnesota Statutes, section 475.53, subdivision 5, does not apply to issuance of the bonds. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 124, or any*

*other law other than Minnesota Statutes, section 475.53, subdivision 4.*

*Subd. 2. [TAX LEVY FOR DEBT SERVICE.] To pay the principal of and interest on bonds issued under subdivision 1, independent school district No. 625 must levy a tax annually in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or other law.*

*Subd. 3. [EFFECTIVE DATE; LOCAL APPROVAL.] Subdivisions 1 and 2 are effective the day after the governing body of independent school district No. 625 complies with Minnesota Statutes, sections 645.021, subdivision 3.*

#### Sec. 11. [DULUTH BONDING.]

*Subdivision 1. [BONDING AUTHORIZATION.] To provide funds for the acquisition and betterment, as defined in Minnesota Statutes, section 475.51, subdivisions 7 and 8, of existing and new facilities, independent school district No. 709 may, by two-thirds majority vote of all the members of the school board, issue general obligation bonds in one or more series in calendar years 1990 and 1991 as provided in this section. The aggregate principal amount of any bonds issued under this section for calendar years 1990 and 1991 may not exceed \$9,600,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. As with other bonds issued by independent school district No. 709, Minnesota Statutes, section 475.53, subdivision 5, does not apply to issuance of the bonds. If the school board proposes to issue bonds under this section, it must publish a resolution describing the proposed bond issue once each week for two successive weeks in a legal newspaper published in the city of Duluth. The bonds may be issued without the submission of the question of their issue to the electors unless within 30 days after the second publication of the resolution a petition requesting an election signed by a number of people residing in the school district equal to 15 percent of the people registered to vote in the last general election in the school district is filed with the recording officer. If such a petition is filed, no bonds shall be issued under this section unless authorized by a majority of the electors voting on the question at the next general or special election called to decide the issue. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of chapter 124 or any other law other than Minnesota Statutes, section 475.53, subdivision 4, as made applicable to independent school district No. 709 by Laws 1973, chapter 266.*

*Subd. 2. [TAX LEVY FOR DEBT SERVICE.] To pay the principal of and interest on bonds issued under subdivision 1, independent school district No. 709 shall levy a tax in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or other law.*

#### Sec. 12. [TAXPAYER NOTIFICATION.]

*Subdivision 1. [APPLICABILITY.] This section applies to any newly authorized bonding authority granted under section 9 or 10. This newly authorized bonding authority is in addition to any existing bonding authority of a school district.*

*Subd. 2. [MEETING.] A school board must hold a public meeting in each state senate district that is located wholly or partly within the boundaries of the school district. The school board must hold the public meeting to obtain comments and recommendations from residents on the proposed sale of newly authorized bonds described under subdivision 1. The meeting must be in addition to any other scheduled meeting of the school board or its committees. The meeting must be held in an accessible place and at a convenient time for the majority of residents in the affected state senate district. Meetings must be held in each state senate district each year the district sells bonds beginning with calendar year 1990.*

*Subd. 3. [NOTICE.] A school board must prepare and have delivered by mail a notice of the public meeting on the proposed sale of newly authorized bonds to each senate district postal patron residing within the school district. The notice must be mailed at least 15 days but not more than 30 days prior to the scheduled date of the meeting required for each state senate district under subdivision 2. Notice of the meeting in each state senate district also must be posted in the administrative office of the school district and must be published in the official newspaper of the city in which the school district is located twice during the 14 days preceding the date of the meeting.*

*The notice must contain the following information:*

- (1) the proposed amount of bonds to be issued;*
- (2) the dollar amount of the levy increase necessary to pay the principal and interest on the newly authorized bonds;*
- (3) the estimated levy amount and net tax capacity rate necessary to make the debt service payments on any existing outstanding debt;*
- (4) the projected effects on individual property types. The notice must show the projected annual dollar increase and net tax capacity rate increase for a representative range of residential homestead, residential nonhomestead, apartment, and commercial-industrial properties located within each state senate district; and*
- (5) the required levy and principal and interest on all outstanding bonds in addition to the bonds proposed under clause (1).*

*Subd. 4. [BOND AUTHORIZATION.] A school board may vote to issue bonds newly authorized under section 9 or 10 only after complying with the requirements under subdivisions 2 and 3, and an official record of all the meetings in the school district has been filed with the commissioner of education.*

**Sec. 13. [COLERAINE, LAKE SUPERIOR, CHISHOLM, ELY, EVELETH, GILBERT, BABBITT, AND ST. LOUIS COUNTY SCHOOL DISTRICT BONDS.]**

*Subdivision 1. [AUTHORIZATION.] Independent school district No. 316, Coleraine, may issue bonds in an aggregate principal amount not exceeding \$950,000; independent school district No. 381, Lake Superior, may issue*



bonds in an aggregate principal amount not exceeding \$300,000; independent school district No. 695, Chisholm, may issue bonds in an aggregate principal amount not exceeding \$3,500,000; independent school district No. 696, Ely, may issue bonds in an aggregate principal amount not exceeding \$1,000,000; independent school district No. 697, Eveleth, may issue bonds in an aggregate principal amount not exceeding \$3,500,000; independent school district No. 699, Gilbert, may issue bonds in an aggregate principal amount not exceeding \$1,000,000; and independent school district No. 692, Babbitt, may issue bonds in an aggregate principal amount not exceeding \$500,000.

*Subd. 2. [AUTHORIZATION.] Independent school district No. 710, St. Louis county, may issue bonds in an aggregate amount not to exceed \$1,750,000.*

*Subd. 3. [USES; PROCESS.] The bonds authorized under subdivisions 1 and 2 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay 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 referendum on the question of issuing the bonds authorized under subdivision 2 is not required. 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. 4. [APPROPRIATION.] There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, 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 under subdivision 1 and 100 percent of the principal and interest on the bonds issued under subdivision 2. 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 Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.*

*Subd. 5. [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 4, 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. 6. [DISTRICT LEVY.] The school board of each school district authorized to issue bonds under subdivision 1 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. 7. [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. 8. [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. 9. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 4 shall terminate upon payment or maturity of the last of those bonds.*

*Subd. 10. [LOCAL APPROVAL.] This section is effective for independent school district No. 316, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 381, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 695, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 696, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 697, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 699, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 692, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 710, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.*

**Sec. 14. [FUND BALANCE CORRECTION.]**

*Independent school district No. 624, White Bear Lake, is eligible for reinstatement of the foundation levy lost through the fund balance reduction provisions of the foundation formula for the 1985-1986, 1986-1987, and 1987-1988 school years if the fund balance reduction was the result of either referendum revenues added to the net unappropriated general fund balance or a transfer of funds from the capital expenditure account to the general fund. The district may make a special levy in an amount not to exceed the amount of the levy reduction caused by the tier two foundation levy reductions for the 1985-1986, 1986-1987, and 1987-1988 school years, but not to exceed \$1,289,418. The district may levy part of the amount:*

- (1) in 1990 and the remainder in 1991; or*
- (2) in 1990 and 1991 and the remainder in 1992.*

*The district may not receive foundation aid, general education aid, or any*

*other aid as a result of levying under this section.*

## ARTICLE 9

### COURT FUNDING

Section 1. Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1989 payable in 1990 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) for taxes levied in 1990, payable in 1991 and subsequent years, pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this clause for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph (i), are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance programs" include income maintenance programs in section 273.1398, subdivision 1, paragraph (i), to the extent the county provides benefits under those programs over the statutory mandated standards. Effective with taxes levied in 1990, the portion of this special levy for human service programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c, or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(c) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(e) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(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;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5;

(k) pay the cost of hospital care under section 261.21;

(l) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3;

(m) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 275.51, subdivision 3;

(n) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 275.51, subdivision 3. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(o) pay the operating cost of regional library services authorized under section 134.34, subject to a maximum increase over the previous year of

the greater of (1) 103 percent multiplied by one plus the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause (b), or (2) six percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year. In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

(p) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6;

(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15;

(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereafter, counties levying under this provision must levy under clause (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph;

(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990;

(t) for taxes levied in 1990 only by a county in the eighth judicial district, provide an amount equal to the amount of the levy, if any, that is required under Laws 1989, chapter 335, article 3, section 54, subdivision 8, *as amended by section 14*;

(u) for taxes levied in 1989, payable in 1990 only, pay the costs not reimbursed by the state or federal government:

(i) for the costs of purchase or delivery of social services. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties.

(ii) for payments made to or on behalf of recipients of aid under any public assistance program authorized by law. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent and must be used only for the public assistance programs; and

(v) pay an amount of up to 25 percent of the money sought for distribution and approved under section 115A.557, subdivision 3, paragraph (b), clause (3).

If the amount levied in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount

levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991.

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3f, as amended by Laws 1990, chapter 480, article 7, section 19, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 with additions and subtractions as specified in paragraphs (b) and (c).

(b) The amounts to be added to the actual 1988 levy are (1) the amount of local government aid the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014, (2) its 1988 taconite aids under sections 298.28 and 298.282, and (3) its 1988 wetlands and native prairie reimbursements under Minnesota Statutes 1986, sections 273.115, subdivision 3, and 273.116, subdivision 3.

(c) The amounts to be subtracted from the actual 1988 levy are (1) any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4); and (2) for a governmental subdivision participating in a regional library system receiving grants from the department of education under section 134.34, the amount levied for taxes payable in 1988 for the operating costs of a public library service.

(d) For taxes levied in 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year, provided that for taxes levied in 1989, the amount of the administrative reimbursement aid received in 1988 shall be added to the base.

(e) For taxes levied by a county in 1989, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to 90 percent of the cost of public defender services for felonies and gross misdemeanors and the costs of law clerks in the county that are assumed by the state during calendar year 1990, less 103 percent of one-half the amount of fees collected by the courts in the county during calendar year 1988. For taxes levied in 1990, the levy limit base determined under paragraph (d) shall first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b) for taxes levied in 1989, and then shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the cost of law clerks in the county that are assumed by the state during calendar year 1991, less the amount of fees collected by the courts in the county during calendar year 1989, computed at the rate of \$30 for civil and probate filings and \$20 for marriage dissolutions.

(f) For taxes levied in 1989 ~~only~~, by a county that is located in the eighth judicial district, the levy limit base determined under paragraphs (d) and (e) shall be further reduced by an amount equal to 90 percent of the cost of operation of the trial courts in the county during calendar year 1990 that are assumed by the state and for which an appropriation is provided, less 103 percent of the sum of (1) the remaining one-half of the amount of fees and (2) 100 percent of the amount of fines collected by the courts

in the county during calendar year 1988. For taxes levied in 1990 only by those counties, the levy limit base determined under paragraphs (d) and (e) shall first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b) for taxes levied in 1989, and then shall be reduced by an amount equal to the cost of operation of the trial courts in the county during the first six months of calendar year 1991 that are assumed by the state less 50 percent of the amount of fines collected by the courts during calendar year 1989.

(g) By October 15, 1989, the board of public defense shall determine and certify to the commissioner of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during the six-month period beginning July 1, 1990. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during the three-month period beginning October 1, 1990, plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during calendar year 1990.

By July 15, 1990, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during calendar year 1991. By July 15, 1990, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during calendar year 1991 plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during the first six months of 1991.

(h) For taxes levied in a county in 1991, the levy limit base shall be reduced by an amount equal to the cost in the county of court reporters, judicial officers, and district court referees and the expenses of law clerks and court reporters as authorized in sections 484.545, subdivision 3, and 486.05, subdivisions 1 and 1a, as certified by the supreme court pursuant to section 477A.012, subdivision 4.

(i) If a governmental subdivision received an adjustment to its levy limit base for taxes levied in 1988 under section 275.51, subdivision 3j, its levy limit base for taxes levied in 1989 must be reduced by the lesser of (1) the adjustment under section 275.51, subdivision 3j, or (2) the difference between its (i) levy limit for taxes levied in 1988 and its (ii) total actual levy for taxes levied in 1988 minus any special levies claimed for taxes levied in 1988 under section 275.50, subdivision 5.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 357.021, subdivision 1a, is amended to read:

Subd. 1a. (a) Every person, including the state of Minnesota and all bodies politic and corporate, who shall transact any business in the district court, shall pay to the court administrator of said court the sundry fees prescribed in subdivision 2. ~~When the public authority responsible for child support enforcement is a party to any action or proceeding in the district court or according to section 518.551, subdivision 10, no fee is required under this section.~~ The court administrator shall transmit the fees monthly to the county treasurer who shall forward the funds to the state treasurer for deposit in the state treasury and credit to the general fund.

(b) In a county which has a screener-collector position, fees paid by a

county pursuant to this subdivision shall be transmitted monthly to the county treasurer, who shall apply the fees first to reimburse the county for the amount of the salary paid for the screener-collector position. The balance of the fees collected shall then be forwarded to the state treasurer for deposit in the state treasury and credited to the general fund. A screener-collector position for purposes of this paragraph is an employee whose function is to increase the collection of fines and to review the incomes of potential clients of the public defender, in order to verify eligibility for that service.

(c) No fee is required under this section from the public authority or the party the public authority represents in an action for:

(1) child support enforcement, medical assistance enforcement, or establishment of parentage in the district court, or child or medical support enforcement conducted by an administrative law judge in an administrative hearing under section 518.551, subdivision 10;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525;

(4) wrongfully obtaining public assistance under section 256.98 or 256D.07, or recovery of overpayments of public assistance;

(5) court relief under chapter 260;

(6) forfeiture of property under sections 609.531 to 609.5317;

(7) recovery of amounts issued by political subdivisions or public institutions under sections 246.52, 252.27, 256.045, 256.25, 256.87, 256B.042, 256B.14, 256B.15, 256B.37, and 260.251, or other sections referring to other forms of public assistance; or

(8) restitution under section 611A.04.

Sec. 4. Minnesota Statutes 1988, section 477A.012, subdivision 3, is amended to read:

Subd. 3. [AID OFFSET FOR COURT COSTS.] (a) There shall be deducted from the payment to a county under this section an amount representing the cost to the state for assumption of the cost (1) of district court administration and operation of the trial court information system in the county and, (2) in the case of Hennepin and Ramsey counties, of public defense services in juvenile and misdemeanor cases in the county and (3) in the case of a county that is located in the eighth judicial district, of the cost of operation of the trial courts in the county during calendar year 1991 less the amount of any special levy under Laws 1989, chapter 335, article 3, section 54, subdivision 8, as amended by section 14. The amount of the amount of the deduction shall be computed as provided in this subdivision.

(b) By October 15, 1989, the board of public defense shall determine and certify to the department of revenue the cost of the state-financed public defense services in juvenile and misdemeanor cases for Hennepin and Ramsey counties during the fiscal year beginning the following July 1. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the pro rata estimated share for each county of district court administration and trial court information system costs during the fiscal year beginning on the following July 1.



(c) One-half of the amount computed under paragraph (b) for each county shall be deducted from each payment to the county under section 477A.015 in 1990 and each subsequent year. *One-half of the sum of the amounts computed under paragraph (f) shall be deducted from each payment to a county located in the eighth judicial district under section 477A.015 in 1991 only; except that, if the legislature in its 1991 session does not appropriate funds for the operation of the trial courts in the eighth judicial district for the period July 1, 1991, through December 31, 1991, only 25 percent of the sum of the amounts computed under paragraph (f) shall be deducted from each payment to each county in the eighth judicial district.*

(d) If the amount computed under paragraph (b) plus, if applicable, the amount deducted under paragraph (e), exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the aid payable to the county under section 273.1398, subdivision 2.

(e) By July 15, 1990, the board of public defense and the supreme court shall determine and certify to the department of revenue the final actual budgeted amounts for the activities described in paragraph (b). If the amount certified under paragraph (b) is greater than the amount certified under this paragraph, the excess shall be deducted from the aid payable to the county in 1991 and each subsequent year under this section. If the amount certified under paragraph (b) is less than the amount certified under this paragraph, the difference shall be added to the aid payable to the county in 1991 and each subsequent year under this section.

*(f) By August 15, 1990, the supreme court shall determine and certify to the department of revenue for each county located in the eighth judicial district, the county's pro rata estimated share of the operation of the trial courts in the county for calendar year 1991, less an amount equal to the fees and fines collected by the trial courts in the county during calendar year 1989. By August 15, 1990, the board of public defense shall determine and certify to the department of revenue for each of those counties, the county's pro rata estimated share of the base funding for the cost of court-appointed defense services other than those specified in section 275.51, subdivision 3f, for calendar year 1991.*

Sec. 5. Minnesota Statutes 1988, section 611.20, is amended to read:  
611.20 [SUBSEQUENT ABILITY TO PAY COUNSEL.]

If at any time after the state public defender or a district public defender has been directed to act, the court having jurisdiction in the matter is satisfied that the defendant or other person is financially able to obtain counsel or to make partial payment for the representation, the court may terminate the appointment of the public defender, unless the person so represented is willing to pay therefor. If a public defender continues the representation, the court shall direct payment for such representation as the interests of justice may dictate. Any payments directed by the court shall be ~~deposited with recorded by the court administrator thereof and the court administrator shall forthwith remit the amount thereof to the treasurer of the governmental unit chargeable with the compensation of such public defender for deposit in the treasury to the credit of the general revenue fund of such governmental unit or units, who shall transfer the payments to the governmental unit responsible for the costs of the public defender.~~

If at any time after appointment a public defender should have reason to believe that a defendant is financially able to obtain counsel or to make

partial payment for counsel, it shall be the public defender's duty to so advise the court so that appropriate action may be taken.

Sec. 6. Minnesota Statutes 1988, section 611.215, subdivision 1, is amended to read:

Subdivision 1. [STRUCTURE; MEMBERSHIP] (a) The state board of public defense is a part of, but is not subject to the administrative control of, the judicial branch of government. The state board of public defense shall consist of seven members including:

(1) a district court judge appointed by the supreme court;

(2) four attorneys admitted to the practice of law, well acquainted with the defense of persons accused of crime, but not employed as prosecutors, appointed by the supreme court; and

(3) two public members appointed by the governor.

(b) All members shall demonstrate an interest in maintaining a high quality, independent defense system for those who are unable to obtain adequate representation. The terms, compensation, and removal of members shall be as provided in section 15.0575. The chair shall be elected by the members from among the membership for a term of two years.

(c) In addition, the state board of public defense shall consist of ~~an 11-member~~ *a nine-member* ad hoc board when considering the appointment of district public defenders under section 611.26, subdivision 2. The terms of district public defenders currently serving shall terminate in accordance with the staggered term schedule set forth in section 611.26, subdivision 2.

Sec. 7. Minnesota Statutes 1989 Supplement, section 611.26, subdivision 2, is amended to read:

Subd. 2. The state board of public defense shall appoint a district public defender. When appointing a district public defender, the state board of public defense membership shall be increased to include two judges of the district ~~and two county commissioners of the counties within the district~~. The additional members shall serve only in the capacity of selecting the district public defender. The judges within the district shall elect their two ad hoc members. ~~The two county commissioners within the district shall be selected by the county boards of the counties within the district~~. The ad hoc state board of public defense shall appoint a district public defender only after requesting and giving reasonable time to receive any recommendations from the public, the local bar association, *and* the judges of the district, ~~and the county commissioners within the district~~. Each district public defender shall be a qualified attorney, licensed to practice law in this state. The district public defender shall be appointed for a term of four years, beginning November 1, pursuant to the following staggered term schedule: (1) in 1987, the third and eighth districts; (2) in 1988, the first and tenth districts; (3) in 1989, the fifth and ninth districts; (4) in 1990, the sixth and seventh districts; (5) in 1991, the second, ~~fourth~~ *third*, and eighth districts; and (6) in 1992, the first, ~~third~~ *fourth*, and tenth districts. The district public defenders shall serve for staggered four-year terms and may be removed for cause upon the order of the state board of public defense. Vacancies in the office shall be filled by the appointing authority for the unexpired term.

Sec. 8. Minnesota Statutes 1988, section 611.26, subdivision 3, is amended

to read:

Subd. 3. The compensation of the district public defender shall be set by the board of public defense. The compensation of each assistant district public defender shall be set by the district public defender with the approval of the board of public defense. The compensation for district public defenders may not exceed the prevailing compensation for county attorneys within the district, and the compensation for assistant district public defenders may not exceed the prevailing compensation for assistant county attorneys within the district. To assist the board of public defense in determining prevailing compensation under this subdivision, counties shall ~~include in their review and comment on proposed district public defender budgets~~ provide to the board information on the compensation of county attorneys, including salaries and benefits, rent, secretarial staff, and other pertinent budget data. For purposes of this subdivision, compensation means salaries, cash payments, and employee benefits including paid time off and group insurance benefits, and other direct and indirect items of compensation including the value of office space provided by the employer.

Sec. 9. Minnesota Statutes 1988, section 611.27, is amended to read:

**611.27 [FINANCING THE OFFICES OF DISTRICT PUBLIC DEFENDER.]**

Subdivision 1. (a) The total compensation and expenses, including office equipment and supplies, of the district public defender are to be paid by the county or counties comprising the judicial district.

(b) A district public defender shall annually submit a comprehensive budget to the state board of public defense. The budget shall be in compliance with standards and forms required by the board and must, at a minimum, include detailed substantiation as to all revenues and expenditures. The district public defender shall, at times and in the form required by the board, submit reports to the board concerning its operations, including the number of cases handled and funds expended for these services.

Within ten days after an assistant district public defender is appointed, the district public defender shall certify to the state board of public defense the compensation that has been recommended for the assistant.

(c) The state board of public defense shall transmit the proposed budget of each district public defender to the respective district court administrators and county budget officers for comment before the board's final approval of the budget. The board shall determine and certify to the respective county boards a final comprehensive budget for the office of the district public defender that includes all expenses. After the board determines the allocation of the state funds authorized pursuant to paragraph (e), the board shall apportion the expenses of the district public defenders among the several counties and each county shall pay its share in monthly installments. The county share is the proportion of the total expenses that the population in the county bears to the total population in the district as determined by the last federal census. If the district public defender or an assistant district public defender is temporarily transferred to a county not situated in that public defender's judicial district, said county shall pay the proportionate part of that public defender's expenses for the services performed in said county.

(d) Reimbursement for actual and necessary travel expenses in the conduct of the office of the district public defender shall be charged to either

(1) the general expenses of the office, (2) the general expenses of the district for which the expenses were incurred if outside the district, or (3) the office of the state public defender if the services were rendered for that office.

(e) Money appropriated to the state board of public defense for the board's administration, for the state public defender, for the judicial district public defenders, and the public defender must be spent with the approval of the state board of public defense for the board's administration and for the state public defender and public defense corporations in amounts determined by the board for the public defense corporations shall be expended as determined by the board. Funds may also be distributed by the state board of public defense to district public defenders including those in Hennepin and Ramsey counties. In making distributions to district public defenders, priority must be given, to the extent feasible and reasonable, to those districts having the greatest number of felonies and gross misdemeanors, and to those districts having the greatest number of distressed counties designated under section 297A.257. The board shall further consider each district's number of dispositions, such as jury trials, court trials and guilty pleas, the number of court appearances, and other trial-related financial data, and any special needs of districts organized in the calendar year 1987. In distributing funds to district public defenders, the board shall consider the results of the weighted case load study.

Subd. 2. The state board of public defense, after consultation with the county boards receiving an appropriation from the legislature for payment of district public defender costs, shall designate the county officials of one or more counties county within the district as a host county to pay reimburse the expenses of the district public defender. A county selected by the board must serve as the designee. The county share assessed under subdivision 1 against each county of the district must be paid to the county treasurer of the designated county. The board may reimburse the designated counties county for extra costs incurred. The board must provide for a revolving fund in the custody of the officials of the designated county into which each county must pay an initial deposit and its respective share of the expenses of the office of district public defender and from which the expenses of said office shall be paid in the manner provided in Laws 1965, chapter 869.

Subd. 3. If the state public defender or a district public defender deems it necessary to make a motion for a new trial, to take an appeal, or other postconviction proceedings in order to properly represent a defendant or other person whom that public defender had been directed to represent, that public defender may use the transcripts of the testimony and other proceedings filed with the court administrator of the district court as provided by section 243.49.

Subd. 4. [COUNTY PORTION OF COSTS.] The effective date of this section shall be January 1, 1966. That portion of subdivision 1 directing counties to pay the costs of public defense service shall not be in effect between July 1, 1990, and July 1, 1991. This subdivision only relates to costs associated with felony and gross misdemeanor public defense services and all public defense services in the second, fourth, and eighth judicial districts.

Sec. 10. Minnesota Statutes 1988, section 611.271, is amended to read: 611.271 [COPIES OF DOCUMENTS; FEES.]

The court administrators of all courts ~~and justices of peace~~ shall furnish upon the request of the ~~office of district public defender~~ or the state public defender copies of any documents in their possession ~~and shall bill the office of the state public defender for these copies after they have been furnished. The fees for such documents shall be \$2 plus 12 cents for each page of the documents furnished at no charge to the public defender.~~

Sec. 11. Minnesota Statutes 1988, section 629.292, subdivision 1, is amended to read:

Subdivision 1. [REQUEST FOR DISPOSITION; NOTIFICATION OF PRISONER.] (a) Any person who is imprisoned in a penal or correctional institution or other facility in the department of corrections of this state may request final disposition of any untried indictment or ~~information complaint~~ pending against the person in this state. The request shall be in writing addressed to the court in which the indictment or ~~information complaint~~ is pending and to the prosecuting attorney charged with the duty of prosecuting it, and shall set forth the place of imprisonment.

(b) The commissioner of corrections or other official designated by the commissioner having custody of prisoners shall promptly inform each prisoner in writing of the source and nature of any untried indictment or ~~information complaint~~ against the prisoner of which the commissioner of corrections or such official had knowledge or notice and of the prisoner's right to make a request for final disposition thereof.

(c) Failure of the commissioner of corrections or other such official to inform a prisoner, as required by this section, within one year after a detainer has been filed at the institution shall entitle the prisoner to a final dismissal of the indictment or ~~information complaint~~ with prejudice.

Sec. 12. Laws 1989, chapter 335, article 3, section 38, is amended to read:

Sec. 38. [TRANSITION, PUBLIC DEFENDERS; SECOND AND FOURTH DISTRICTS.]

The district public ~~defender~~ *defenders* of the second ~~and fourth~~ judicial ~~district~~ *districts* serving on July 1, 1989, shall continue in office until the expiration of the ~~term to which appointed or until August 1, 1991, whichever date is later~~ *their terms*.

~~The district public defender of the fourth judicial district serving on July 1, 1989, shall continue in office until the expiration of the term to which appointed or until August 1, 1991, whichever date is later.~~

Sec. 13. Laws 1989, chapter 335, article 3, section 44, is amended to read:

Sec. 44. [APPLICATION.]

Sections 45 to 54, except the parts of section 54, that by their terms have broader application, apply only in the eighth judicial district for the period from January 1, 1990, to ~~June 30~~ *December 31*, 1991.

Those parts of section 54, having broader application, apply statewide for the period from July 1, 1989, to ~~June 30~~ *December 31*, 1991.

Sec. 14. Laws 1989, chapter 335, article 3, section 54, subdivision 8, is amended to read:

Subd. 8. [LEVY.] ~~During the pilot project~~ *For taxes payable in 1991*

*only the counties that make up the eighth judicial district shall continue to levy for and pay the costs to operate the eighth judicial district and public defense services that the state does not fund during the eighth district project. The supreme court shall certify to the counties on or before ~~October 1 of each year~~ August 15, 1990, the amount necessary in excess of the state-funded eighth district project costs. The counties are responsible on a per capita prorated basis for the costs that the state is not assuming. These include but are not limited to capital costs, rent, and other associated costs. The county administrator of each of the counties shall consult with the supreme court and the eighth judicial district administrator regarding these costs before setting county budgets and levies for calendar year 1990. Each county shall pay its assessed share to the state court administrator for the operation of the pilot project on or before May 15, 1991.*

Sec. 15. Laws 1989, chapter 335, article 3, section 58, as amended by Laws 1989, chapter 356, section 67, and Laws 1989, First Special Session chapter 1, article 5, section 48, subdivision 3, is amended to read:

Subd. 3. [JANUARY 1, 1991; ALL DISTRICTS.] That portion of section 6 which amends the first sentence of Minnesota Statutes 1989 Supplement, section 357.021, subdivision 1a, requiring counties to pay filing fees in district court actions is effective January 1, ~~1991~~ 1992, for counties in all judicial districts.

## ARTICLE 10

### MISCELLANEOUS

Section 1. Minnesota Statutes Second 1989 Supplement, section 3.885, subdivision 8, is amended to read:

Subd. 8. [POLITICAL SUBDIVISION REPORTING.] No later than November 15, ~~1990~~ 1991, the commission shall make recommendations to appropriate standing committees of the legislature on any changes in uniform accounting and financial reporting methods necessary to assure public and legislative oversight of expenditures by cities, counties, towns, and special service districts. The recommendations shall consider opportunities for on-line access by appropriate state officers to political subdivision accounts. In preparing these recommendations, the commission shall consult with the state auditor, the legislative auditor, and the commissioners of finance and revenue.

Sec. 2. Minnesota Statutes 1988, section 3.885, is amended by adding a subdivision to read:

Subd. 9. [LOCAL GOVERNMENT RULE APPEALS.] *Any local government may appeal to the commission to review any existing or proposed rule as defined in section 14.02, subdivision 4, on the grounds that the rule imposes a fiscal or administrative burden on local governments which is unnecessary in order for the local governments to accomplish the state-wide policy goals and requirements of the statute authorizing the rule. As used in this subdivision, a "local government" is a county, home rule charter or statutory city, or town. The commission may hold a public hearing on a local government's appeal of a rule and may, on the basis of testimony received at the public hearing, suspend any rule by affirmative vote of at least half of its members. The procedures provided in sections 14.40, subdivision 4, 14.42, and 14.43, shall apply to suspension of rules under this subdivision.*

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 3.982, is amended to read:

3.982 [FISCAL NOTES FOR STATE-MANDATED ACTIONS.]

When a bill ~~proposing a new or expanded mandate on a political subdivision~~ is introduced and referred to a standing committee, ~~the head of each affected department or agency of the state government shall~~ *the commissioner of finance shall determine whether the bill proposes a new or expanded mandate on a political subdivision. If the commissioner determines that a new or expanded mandate is proposed, the commissioner shall direct the appropriate department or agency of state government to prepare a fiscal note identifying the projected fiscal impact of the bill on state government and on the affected political subdivisions. The commissioner of finance shall be responsible for coordinating the fiscal note process, for assuring the accuracy and completeness of the note, and for ensuring that fiscal notes are prepared, delivered, and updated as provided in this section. The fiscal note shall categorize mandates as program or nonprogram mandates and shall include estimates of the levy impacts of the mandates. To the extent that the bill would impose new fiscal obligations on political subdivisions, the note shall indicate the efforts made to reduce those obligations, including consultations made with representatives of the political subdivisions. Chairs of legislative committees receiving bills on rereferrals from other legislative committees may request that fiscal notes be amended to reflect amendments made to the bills by prior committee action. Preparation of the fiscal notes required in this section shall be consistent with section 3.98. The commissioner of finance shall periodically report to and consult with the legislative commission on planning and fiscal policy on the issuance of the notes.*

Sec. 4. Minnesota Statutes 1988, 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 to the budget and cash flow reserve account until the total amount in the account equals five percent of total general fund appropriations for the current biennium as established by the most recent legislative session. Beginning in November 1990, forecast unrestricted budgetary general fund balances are first appropriated to *restore the budget and cash flow reserve account to \$550,000,000 and then to reduce the property tax levy recognition percent under section 121.904, subdivision 4a, to 27 percent before money is allocated to the budget and cash flow reserve account under the preceding sentence.*

The amounts necessary to meet the requirements of this section are appropriated from the general fund.

Sec. 5. Minnesota Statutes 1989 Supplement, section 115A.981, subdivision 3, is amended to read:

Subd. 3. [AGENCY REPORT.] The agency shall report to the legislative commission on waste management by July 1 of each year on the viability of the state's waste processing and disposal capability, the status of competitive forces in the market including recycling, composting, waste reduction and incineration, the extent to which existing fees for services are sufficient for facility development, engineering, environmental and safety

factors, the progress of the industry in meeting the state's waste management goals, and recommendations for regulations to ensure protection of human health and the environment. In preparing the report, the agency shall consider information received under subdivision 2.

*The report must also include:*

*(1) statewide and facility by facility estimates of the total potential costs and liabilities associated with solid waste disposal facilities for closure and postclosure care, response costs under chapter 115B, and any other potential costs, liabilities, or financial responsibilities;*

*(2) statewide and facility by facility requirements for proof of financial responsibility under section 116.07, subdivision 4h; and*

*(3) an annual update addressing how each facility is meeting its financial responsibility under section 116.07, subdivision 4h.*

Sec. 6. Minnesota Statutes 1988, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] (a) The agency shall adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for 20 years after closure, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules or by July 1, 1987, whichever is later, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules is a condition of obtaining or retaining a permit to operate the facility.

*(b) The agency shall amend the rules adopted under paragraph (a) to allow a municipality, as defined in section 475.51, subdivision 2, including a sanitary district, that owns or operates a solid waste disposal facility that was in operation on May 15, 1989, to meet its financial responsibility for all or a portion of the contingency action portion of the reasonable and necessary response costs at the facility through its authority to issue bonds, provided that the method developed in the rules will ensure that when funds are needed for a contingency action, sufficient bonds can and will be issued by the municipality to meet its responsibility. The rules must include at least:*

*(1) a requirement that the governing body of the municipality enact an ordinance that clearly accepts responsibility for the costs of contingency action at the facility and that reserves, during the operating life of the facility and for 20 years after closure, a portion of the debt limit of the municipality, as established under section 475.53 or other law, that is equal to the total contingency action costs calculated under the rules;*

*(2) a requirement that the municipality assure that all collectors that haul to the facility implement a plan for reducing solid waste by using volume-based pricing, recycling incentives, or other means;*

*(3) a requirement that when a municipality opts under the rules to meet a portion of its financial responsibility by relying on its authority to issue*



bonds, it shall also begin setting aside funds that will cover a portion of the potential contingency action costs at the facility, the amount to be determined by the agency for each facility based on at least the amount of waste deposited in the disposal facility each year, and the likelihood and potential timing of conditions arising at the facility that will necessitate response action; and

(4) a requirement that a municipality have and consistently maintain an investment grade bond rating as a condition of using bonding authority to meet financial responsibility under this section.

(c) Counties shall comply with existing financial responsibility rules until those rules are amended under paragraph (b), and, after that time, counties shall comply with the amended rules. The method for proving financial responsibility developed under paragraph (b) may not be applied to a new solid waste disposal facility or to expansion of an existing facility.

Sec. 7. [116J.871] [FINANCIAL ASSISTANCE LIMITATIONS; PREVAILING WAGE.]

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

(b) "Economic development" means financial assistance provided to a person directly or to a local unit of government or nonprofit organization on behalf of a person who is engaged in the manufacture or sale of goods and services. Economic development does not include (i) financial assistance for rehabilitation of existing housing or (ii) financial assistance for new housing construction in which total financial assistance at a single project site is less than \$100,000.

(c) "Financial assistance" means (i) a grant awarded by a state agency for economic development related purposes if a single business receives \$200,000 or more of the grant proceeds; (ii) a loan or the guaranty or purchase of a loan made by a state agency for economic development related purposes if a single business receives \$500,000 or more of the loan proceeds; or (iii) a reduction, credit, or abatement of a tax assessed under chapter 297A where the tax reduction, credit, or abatement applies to a geographic area smaller than the entire state and was granted for economic development related purposes. Financial assistance does not include payments by the state of aids and credits under chapter 273 or 477A to a political subdivision.

(d) "Project site" means the location where improvements are made that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance in the form of employment and training services as defined in section 268.0111, subdivision 4, or customized training from a technical college.

(e) "State agency" means any agency defined under section 16B.01, subdivision 2, the Greater Minnesota Corporation, and the iron range resources and rehabilitation board.

Subd. 2. [PREVAILING WAGE REQUIRED.] A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in

section 177.42, subdivision 6.

*Subd. 3. [PREVAILING WAGE; PENALTY.] It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers and mechanics under subdivision 2 to subsequently fail to pay the prevailing wage. This misdemeanor is punishable by a fine of not more than \$700, or imprisonment for not more than 90 days, or both. Each day a violation of this subdivision continues is a separate offense.*

*Subd. 4. [NOTIFICATION.] A state agency shall notify any person applying for financial assistance from the state agency of the requirements under subdivision 2 and of the penalties under subdivision 3.*

*Subd. 5. [EXCEPTION.] Nothing in this section denies any financial assistance granted to or qualified for by a person whose construction, installation, remodeling, or repairs commenced prior to August 1, 1990.*

**Sec. 8. [STUDY OF PREVAILING WAGE SYSTEM.]**

*Subdivision 1. [STUDY REQUIRED; CONTENTS.] The management analysis division of the department of administration shall study and evaluate the prevailing wage system in this state. The study must analyze:*

*(1) whether the method of determining prevailing wage rates is adequate and reasonable;*

*(2) whether current enforcement of the law is consistent with the intent of Minnesota Statutes, sections 177.41 to 177.44; and*

*(3) the variations in prevailing wage rates among counties in Minnesota and between Minnesota and federal prevailing wage rates.*

*Subd. 2. [REPORT.] The commissioner of administration shall report its findings to the legislature by February 1, 1991.*

*Subd. 3. [APPROPRIATION.] \$100,000 is appropriated from the general fund to the commissioner of administration to meet the cost of conducting the study.*

**Sec. 9. [270.0682] [TAX INCIDENCE REPORTS.]**

*Subdivision 1. [BIENNIAL REPORT.] The commissioner of revenue shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality, (2) by income classes, including at a minimum deciles of the income distribution, and (3) by other appropriate taxpayer characteristics.*

*Subd. 2. [BILL ANALYSES.] At the request of the chair of the house tax committee or the senate committee on taxes and tax laws, the commissioner of revenue shall prepare an incidence impact analysis of a bill or a proposal to change the tax system which increases, decreases, or redistributes taxes by more than \$20,000,000. To the extent data is available on the changes in the distribution of the tax burden that are affected by the bill or proposal, the analysis shall report on the incidence effects that would result if the bill were enacted. The report may present information using systemwide measures, such as Suits or other similar indexes, by income classes, taxpayer characteristics, or other relevant categories.*

*The report may include analyses of the effect of the bill or proposal on representative taxpayers. The analysis must include a statement of the incidence assumptions that were used in computing the burdens.*

*Subd. 3. [INCOME MEASURE.] The incidence analyses shall use the broadest measure of economic income for which reliable data is available.*

Sec. 10. Minnesota Statutes 1988, section 279.06, is amended to read:  
279.06 [COPY OF LIST AND NOTICE.]

*Subdivision 1. [LIST AND NOTICE.] Within five days after the filing of such list, the court administrator shall return a copy thereof to the county auditor, with a notice prepared and signed by the court administrator, and attached thereto, which may be substantially in the following form:*

State of Minnesota )  
 ) ss.  
County of . . . . . )

District Court  
. . . . . Judicial District.

The state of Minnesota, to all persons, companies, or corporations who have or claim any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of land described in the list hereto attached:

The list of taxes and penalties on real property for the county of . . . . . remaining delinquent on the first Monday in January, 19 . . . . ., has been filed in the office of the court administrator of the district court of said county, of which that hereto attached is a copy. Therefore, you, and each of you, are hereby required to file in the office of said court administrator, on or before the 20th day after the publication of this notice and list, your answer, in writing, setting forth any objection or defense you may have to the taxes, or any part thereof, upon any parcel of land described in the list, in, to, or on which you have or claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will be entered against such parcel of land for the taxes on such list appearing against it, and for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to the state of Minnesota on the second Monday in May, 19 . . . . . The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a); or (c) seasonal recreational land as defined in section 273.13, subdivision 25, paragraph (d)(1) or (c)(4), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Inquiries as to the proceedings set forth above can be made to the county auditor of . . . . . county whose address is . . . . .

(Signed) . . . . .  
Court Administrator of the District Court of the County

of . . . . .

(Here insert list.)

The list referred to in the notice shall be substantially in the following form:

List of real property for the county of . . . . . , on which taxes remain delinquent on the first Monday in January, 19 . . . :

Town of (Fairfield),  
Township (40), Range (20),

Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and in Addition Those Parties Who Have Filed Their Addresses Pursuant to section 276.041

Subdivision of Section

Section

Tax Parcel Number

Total Tax and Penalty \$ cts.

John Jones  
(825 Fremont  
Fairfield, MN  
55000)

S.E. 1/4 of S.W. 1/4 10

23101

2.20

Bruce Smith  
(2059 Hand  
Fairfield,  
MN 55000)  
and  
Fairfield  
State Bank  
(100 Main  
Street  
Fairfield,  
MN 55000)

That part of N.E. 1/4 of S.W. 1/4 desc. as follows: Beg. at the S.E. corner of said N.E. 1/4 of S.W. 1/4; thence N. along the E. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence W. parallel with the S. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence S. parallel with said E. line a distance of 600 ft. to S. line of said N.E. 1/4 of S.W. 1/4; thence E. along said S. line a distance of 600 ft. to the point of beg. . . . .

21

33211

3.15

As to platted property, the form of heading shall conform to circumstances and be substantially in the following form:

Subdivision 1. (a) For concentrate produced in ~~1986 and 1987~~ 1990 there is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of ~~\$1.90~~ \$1.975 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) ~~Except as provided in paragraph (c),~~ For concentrates produced in ~~1988 1991~~ and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) ~~The provisions of paragraph (b) will not be in effect for concentrates produced in 1988 if the 1988 production is not less than 34,000,000 tons. If the provisions of paragraph (b) are not in effect for concentrates produced in a year, the rate of the tax for that year's production will be the rate of the tax imposed on the previous year's production.~~ The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of ~~\$1.90~~ \$1.975 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

Sec. 19. Minnesota Statutes 1988, section 469.171, is amended by adding a subdivision to read:

*Subd. 11. [LIMITATIONS; LAST EIGHT MONTHS OF DURATION.] This subdivision applies only to state tax reductions first authorized by the municipality to be provided to a business within eight months of the expiration of the enterprise zone's designation.*

*Before agreeing with a business to provide tax reductions, the municipality must submit the proposed tax reductions to the commissioner for approval. The commissioner shall review and analyze the proposal in light of, at least, (1) the proposed investment that the business will make in the zone, (2) the number and quality of new jobs that will be created in the zone, (3) the overall positive impact on economic activity in the zone, and (4) the extent to which the impacts in clauses (1) to (3) are dependent upon providing the state tax reductions to the business. The commissioner shall*

*disapprove the proposal if the commissioner determines the public benefits of increased investment and employment resulting from the tax reductions is disproportionately small relative to the cost of the state tax reductions. If the commissioner disapproves of the proposal, the tax reductions are not allowed to the business.*

*If the municipality submits the proposal to the commissioner before expiration of the zone designation, the authority to grant the tax reductions continues until the commissioner acts on the proposal.*

Sec. 20. Minnesota Statutes 1988, section 473.845, subdivision 4, is amended to read:

Subd. 4. [EXPENDITURE NOTIFICATION AND COMMISSION RECOMMENDATION.] (a) *The commissioner shall notify the chair and the director of the legislative commission on waste management before making expenditures from the fund.*

(b) *The legislative commission on waste management shall make recommendations to the standing legislative committees on finance and appropriations about appropriations from the fund.*

Sec. 21. Minnesota Statutes 1988, section 475.53, is amended by adding a subdivision to read:

Subd. 8. [DEBT LIMIT RESERVATION.] *A municipality may, by ordinance, reserve a portion of its unencumbered debt limit for the purpose of providing proof of financial responsibility for the contingency action portion of the response costs at a solid waste disposal facility, subject to the rules adopted by the pollution control agency under section 116.07, subdivision 4h. Reservation of a portion of a municipality's debt limit under this subdivision may not be revoked by the municipality until the expiration of the required time period for maintaining proof of financial responsibility or the municipality adopts and adequately funds, as of the date of implementation, an alternate method of financial responsibility under the rules of the agency, whichever occurs earlier. If the municipality reserves its debt limit under this subdivision, the debt limit is computed as if the municipality had issued obligations, subject to the limit, in the amount of the reservation specified in the ordinance. Notwithstanding the amount of market value in the municipality, the reserved amount of the limit is available for issuance of bonds to pay the municipality's response costs.*

Sec. 22. Minnesota Statutes 1988, section 500.24, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) *The chief executive officer of every pension or investment fund, corporation, 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, 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 ten 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;

(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, 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) *The commissioner or the commissioner's authorized representative may enter into a written agreement with a person required to file a report under this subdivision who, for good cause shown, has failed to make a timely filing. An agreement must be construed as a "no contest" pleading and may encompass a reduction or waiver of the civil penalty for late*

*filing. The agreement is final and conclusive with respect to the civil penalty, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The matter agreed upon in the agreement may not be reopened or modified by an officer, employee, or agent of the state. The commissioner may enter into an agreement under this paragraph only once for each corporation or partnership.*

(d) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Sec. 23. Laws 1990, chapter 480, article 1, section 3, subdivision 14, is amended to read:

Subd. 14. [VOTER REGISTRATION FORM.] The commissioner shall insert securely in the individual income tax return form or instruction booklet distributed for an odd-numbered year a voter registration form, returnable to the secretary of state. The form shall be designed according to rules adopted by the secretary of state. *This requirement applies to forms and booklets supplied to post offices, banks, and other outlets, as well as to those mailed directly to taxpayers.*

Sec. 24. [SALE OF TAX-FORFEITED LAND; OTTER TAIL COUNTY.]

(a) *Notwithstanding Minnesota Statutes, section 282.018, Otter Tail county may sell the tax-forfeited lands bordering public water and described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.*

(b) *The conveyance must be in a form approved by the attorney general.*

(c) *The lands that may be conveyed are located in Otter Tail county and are described as:*

(1) *Lot 13, Sylvanus Crest, Clitherall Township;*

(2) *Lot 14, Sylvanus Crest, Clitherall Township;*

(3) *Government Lot 8, Section 32, Township 133, Range 43;*

(4) *A .36 acre tract of land in Government Ten (10) of Section Four (4), Township One Hundred Thirty-four (134) North, Range Thirty-nine (39) West of the 5th P.M., described as follows: Beginning at a point (iron stake) located as follows: Commencing at the northwest corner (iron) of Lot Seventy-one (71) of "Pleasure Park Beach" subdivision, plat of which is on file and of record in the office of Register of Deeds of Otter Tail County, Minn.; thence proceeding South sixty-six degrees ten minutes West (S 66 degrees 10' W) one hundred thirty-two and five tenths (132.5) feet and South sixty-six degrees forty-one minutes West (S 66 degrees 41' W) one hundred fifty (150.0) feet to the point of beginning; thence running by the following four courses and distances, viz: South twenty-four degrees fourteen minutes East (S 24 degrees 14' E) one hundred ninety-nine and six tenths (199.6) feet to an iron stake on the shoreline of Otter Tail Lake; South fifty-five degrees nineteen minutes West (S 55 degrees 19' W) seventy-five (75.0) feet along the shoreline of said lake, to an iron stake; North twenty-four degrees thirty-four minutes West (N 24 degrees 34' W) two hundred fourteen and four tenths (214.4) feet to an iron stake; and North sixty-six degrees forty-one minutes East (N 66 degrees 41' E) seventy-five (75.0) feet to the point of beginning;*

(5) *All of Lot 1, Except North 10 feet, Quiram's Beach, Star Lake Township;*



Subdivision 1. (a) For concentrate produced in ~~1986 and 1987~~ 1990 there is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of ~~\$1.90~~ \$1.975 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) ~~Except as provided in paragraph (c),~~ For concentrates produced in ~~1988~~ 1991 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) ~~The provisions of paragraph (b) will not be in effect for concentrates produced in 1988 if the 1988 production is not less than 34,000,000 tons. If the provisions of paragraph (b) are not in effect for concentrates produced in a year, the rate of the tax for that year's production will be the rate of the tax imposed on the previous year's production.~~ The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of ~~\$1.90~~ \$1.975 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

Sec. 19. Minnesota Statutes 1988, section 469.171, is amended by adding a subdivision to read:

*Subd. 11. [LIMITATIONS; LAST EIGHT MONTHS OF DURATION.] This subdivision applies only to state tax reductions first authorized by the municipality to be provided to a business within eight months of the expiration of the enterprise zone's designation.*

*Before agreeing with a business to provide tax reductions, the municipality must submit the proposed tax reductions to the commissioner for approval. The commissioner shall review and analyze the proposal in light of, at least, (1) the proposed investment that the business will make in the zone, (2) the number and quality of new jobs that will be created in the zone, (3) the overall positive impact on economic activity in the zone, and (4) the extent to which the impacts in clauses (1) to (3) are dependent upon providing the state tax reductions to the business. The commissioner shall*

*disapprove the proposal if the commissioner determines the public benefits of increased investment and employment resulting from the tax reductions is disproportionately small relative to the cost of the state tax reductions. If the commissioner disapproves of the proposal, the tax reductions are not allowed to the business.*

*If the municipality submits the proposal to the commissioner before expiration of the zone designation, the authority to grant the tax reductions continues until the commissioner acts on the proposal.*

Sec. 20. Minnesota Statutes 1988, section 473.845, subdivision 4, is amended to read:

Subd. 4. [EXPENDITURE NOTIFICATION AND COMMISSION RECOMMENDATION.] (a) *The commissioner shall notify the chair and the director of the legislative commission on waste management before making expenditures from the fund.*

(b) *The legislative commission on waste management shall make recommendations to the standing legislative committees on finance and appropriations about appropriations from the fund.*

Sec. 21. Minnesota Statutes 1988, section 475.53, is amended by adding a subdivision to read:

Subd. 8. [DEBT LIMIT RESERVATION.] *A municipality may, by ordinance, reserve a portion of its unencumbered debt limit for the purpose of providing proof of financial responsibility for the contingency action portion of the response costs at a solid waste disposal facility, subject to the rules adopted by the pollution control agency under section 116.07, subdivision 4h. Reservation of a portion of a municipality's debt limit under this subdivision may not be revoked by the municipality until the expiration of the required time period for maintaining proof of financial responsibility or the municipality adopts and adequately funds, as of the date of implementation, an alternate method of financial responsibility under the rules of the agency, whichever occurs earlier. If the municipality reserves its debt limit under this subdivision, the debt limit is computed as if the municipality had issued obligations, subject to the limit, in the amount of the reservation specified in the ordinance. Notwithstanding the amount of market value in the municipality, the reserved amount of the limit is available for issuance of bonds to pay the municipality's response costs.*

Sec. 22. Minnesota Statutes 1988, section 500.24, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) *The chief executive officer of every pension or investment fund, corporation, 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, 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 ten 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;

(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, 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) *The commissioner or the commissioner's authorized representative may enter into a written agreement with a person required to file a report under this subdivision who, for good cause shown, has failed to make a timely filing. An agreement must be construed as a "no contest" pleading and may encompass a reduction or waiver of the civil penalty for late*

*filing. The agreement is final and conclusive with respect to the civil penalty, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The matter agreed upon in the agreement may not be reopened or modified by an officer, employee, or agent of the state. The commissioner may enter into an agreement under this paragraph only once for each corporation or partnership.*

(d) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Sec. 23. Laws 1990, chapter 480, article 1, section 3, subdivision 14, is amended to read:

Subd. 14. [VOTER REGISTRATION FORM.] The commissioner shall insert securely in the individual income tax return form or instruction booklet distributed for an odd-numbered year a voter registration form, returnable to the secretary of state. The form shall be designed according to rules adopted by the secretary of state. *This requirement applies to forms and booklets supplied to post offices, banks, and other outlets, as well as to those mailed directly to taxpayers.*

Sec. 24. [SALE OF TAX-FORFEITED LAND; OTTER TAIL COUNTY.]

(a) *Notwithstanding Minnesota Statutes, section 282.018, Otter Tail county may sell the tax-forfeited lands bordering public water and described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.*

(b) *The conveyance must be in a form approved by the attorney general.*

(c) *The lands that may be conveyed are located in Otter Tail county and are described as:*

(1) *Lot 13, Sylvanus Crest, Clitherall Township;*

(2) *Lot 14, Sylvanus Crest, Clitherall Township;*

(3) *Government Lot 8, Section 32, Township 133, Range 43;*

(4) *A .36 acre tract of land in Government Ten (10) of Section Four (4), Township One Hundred Thirty-four (134) North, Range Thirty-nine (39) West of the 5th P.M., described as follows: Beginning at a point (iron stake) located as follows: Commencing at the northwest corner (iron) of Lot Seventy-one (71) of "Pleasure Park Beach" subdivision, plat of which is on file and of record in the office of Register of Deeds of Otter Tail County, Minn.; thence proceeding South sixty-six degrees ten minutes West (S 66 degrees 10' W) one hundred thirty-two and five tenths (132.5) feet and South sixty-six degrees forty-one minutes West (S 66 degrees 41' W) one hundred fifty (150.0) feet to the point of beginning; thence running by the following four courses and distances, viz: South twenty-four degrees fourteen minutes East (S 24 degrees 14' E) one hundred ninety-nine and six tenths (199.6) feet to an iron stake on the shoreline of Otter Tail Lake; South fifty-five degrees nineteen minutes West (S 55 degrees 19' W) seventy-five (75.0) feet along the shoreline of said lake, to an iron stake; North twenty-four degrees thirty-four minutes West (N 24 degrees 34' W) two hundred fourteen and four tenths (214.4) feet to an iron stake; and North sixty-six degrees forty-one minutes East (N 66 degrees 41' E) seventy-five (75.0) feet to the point of beginning;*

(5) *All of Lot 1, Except North 10 feet, Quiram's Beach, Star Lake Township;*

(6) Lot 1, Silent Acres, Dora Township.

(d) The county has determined that these lands have little or no potential use as a public access or for other types of public ownership and will realize a higher and better use under private ownership.

Sec. 25. [CANCELLATION OF HAYLIFT PROGRAM DEBTS.]

Any remaining balance on a department of agriculture account receivable resulting from operation of the 1989 drought emergency farm haylift program which the department is required to collect is canceled on the effective date of this section.

Sec. 26. [PAYMENT OF THE GREATER MINNESOTA LANDFILL CLEANUP FEE.]

The operator of a disposal facility in greater Minnesota shall pay the fee required under Minnesota Statutes, section 115A.923, subdivision 1, to the county or sanitary district where the facility is located, except that the operator of a facility that is owned by a statutory or home rule city shall pay the fee to the city that owns the facility. The county, city, or sanitary district may use the revenue from the fee only for the purposes specified in section 115A.919.

Sec. 27. [APPROPRIATION TO STEARNS COUNTY FOR KIDNAPING INVESTIGATION COST.]

\$100,000 is appropriated from the general fund to the commissioner of public safety for a grant to Stearns county for the investigation of criminal activity connected with a kidnapping.

Sec. 28. [METRODOME ATHLETIC EVENTS.]

\$500,000 is appropriated to the commissioner of trade and economic development to provide part of the state's contribution for the state to host the International Special Olympics in 1991 and the world championship football game sponsored by the national football league in 1992. \$250,000 is for each event for fiscal year 1991. Metrodome facilities must be provided to both events at no charge. This appropriation does not cancel and is available through fiscal year 1992.

Sec. 29. [DEPARTMENT OF REVENUE APPROPRIATION.]

There is appropriated from the general fund to the commissioner of revenue the following amounts for the administration of this act.

Total	Fiscal year 1990	Fiscal year 1991
\$400,000	\$125,000	\$275,000
Summary by purpose		
Tax incidence study		\$ 50,000
Corporate AMT		\$105,000
Taxpayer bill of rights	\$125,000	\$ 25,000
Tax increment financing		\$ 45,000
Renters' credit		\$ 50,000

The appropriation for administration of the taxpayer bill of rights for fiscal year 1990 is available until June 30, 1991.

Sec. 30. [APPROVED COMPLEMENT.]

*The approved complement of the department of revenue is increased by three for fiscal year 1991.*

Sec. 31. [BUDGET RESERVE REDUCED.]

*Upon adjournment sine die of the 1990 legislature, the commissioner of finance, with the approval of the governor, shall reduce the amount in the budget and cash flow reserve account established in Minnesota Statutes, section 16A.15, subdivision 6, as needed to balance general fund expenditures with revenues for the biennium ending June 30, 1991. Notwithstanding section 16A.15, subdivision 1, paragraph (a), the commissioner need not consult with the legislative advisory commission before making the reduction.*

Sec. 32. [REPEALER.]

*(a) Minnesota Statutes 1988, sections 115A.09, subdivision 5; 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 115A.922; 115A.923, subdivisions 2, 3, 4, and 5; 115A.924; 115A.925; 115A.927; and 115A.928 are repealed.*

*Laws 1987, chapter 348, section 51, subdivision 5, is repealed.*

*(b) Section 2 is repealed.*

Sec. 33. [EFFECTIVE DATE.]

*Section 11 is effective for assessments or other determinations made on or after August 1, 1990. Sections 12 and 13 are effective for purchases after December 31, 1990. Sections 14, 24, and 25 are effective the day following final enactment. Sections 15 and 16 are effective for taxable years beginning after June 30, 1990. Section 17 is effective for taxable years beginning after December 31, 1990. Section 22 is effective the day following final enactment, but the provision allowing for an agreement concerning reduction or waiver of a civil penalty for late filing applies to a filing due April 15, 1989, or thereafter. Section 32, paragraph (b), is effective July 1, 1992."*

Delete the title and insert:

"A bill for an act relating to the financing and operation of government in Minnesota; providing a taxpayer bill of rights; updating references to the Internal Revenue Code; imposing an annual fee on corporations and partnerships; changing the computation of state aids to local units of governments; modifying the computation and administration of taxes and property tax refunds; changing tax rates and providing exemptions; requiring payment of the prevailing wage for financial assistance; permitting the cities of Bloomington and Roseville to impose lodging taxes; changing truth-in-taxation requirements; modifying the requirements for the collection and expenditure of tax increments; requiring studies; imposing and transferring powers and duties; changing certain effective dates; allowing the sale of certain tax-forfeited land in Otter Tail county; authorizing special levies by the cities of Bayport, Windom, Rosemount, Maple Grove, Brooklyn Park, Brooklyn Center, and Coon Rapids, and Goodhue, Koochiching, Douglas, Mille Lacs, and Becker counties; authorizing issuance of bonds by the city of Bemidji; Beltrami and Ramsey counties; special school district No. 1, Minneapolis; independent school district No. 625, St. Paul; independent school district No. 709, Duluth; independent school district No. 316, Coleraine; independent school district No. 381, Lake Superior; independent school district No. 695, Chisholm; independent school district No.

696, Ely; independent school district No. 697, Eveleth; independent school district No. 699, Gilbert; independent school district No. 692, Babbitt; and independent school district No. 710, St. Louis county; providing a fund balance correction for independent school district No. 624, White Bear Lake; authorizing transfer of certain Hennepin county money; appropriating money; amending Minnesota Statutes 1988, sections 3.885, by adding a subdivision; 16A.1541; 116.07, subdivision 4h; 124.195, subdivision 7; 136D.27, subdivision 2; 136D.74, subdivision 2a; 136D.87, subdivision 2; 169.86, subdivision 1; 270.07, by adding a subdivision; 270.70, subdivisions 1, 2, 4, 8, and by adding subdivisions; 270.701, by adding a subdivision; 270.709, subdivision 1; 271.12; 271.19; 273.124, by adding subdivisions; 273.1398, by adding a subdivision; 273.42, subdivision 1; 275.065, by adding a subdivision; 275.125, subdivision 10; 275.55; 279.06; 281.17; 289A.11, as added, by adding a subdivision; 290.068, subdivision 1; 290.31, subdivision 1; 290.9725; 290A.03, subdivision 11, and by adding a subdivision; 290A.19; 296.02, subdivision 1a; 296.025, subdivision 1a; 297.07, subdivision 5; 297A.01, subdivisions 15 and 16; 297A.25, subdivision 36, and by adding subdivisions; 298.015, subdivision 1; 298.017; 298.05; 298.24, subdivision 1; 469.043, subdivision 5; 469.059, subdivision 11; 469.129, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivisions 11, 12, and by adding subdivisions; 469.175, subdivision 1a, and by adding a subdivision; 469.176, subdivisions 2 and 3; 469.177, subdivision 8; 473.845, subdivision 4; 475.53, by adding a subdivision; 477A.011, by adding subdivisions; 477A.012, subdivisions 1, 3, and by adding a subdivision; 477A.013, by adding a subdivision; 477A.03, subdivision 1; 477A.11, subdivision 2; 477A.13; 500.24, subdivision 4; 611.20; 611.215, subdivision 1; 611.26, subdivision 3; 611.27; 611.271; and 629.292, subdivision 1; Minnesota Statutes 1989 Supplement, sections 103B.3369, subdivisions 5 and 7; 115A.981, subdivision 3; 124.10, subdivision 2; 124.83, subdivision 6; 136D.27, subdivision 3; 136D.74, subdivision 2b; 136D.87, subdivision 3; 270.10, subdivision 1a; 270.69, subdivision 11; 273.11, subdivision 1; 273.112, subdivision 3; 273.119, subdivision 2; 278.05, subdivision 4; 282.01, subdivision 1; 290.01, subdivision 19; 290.9201, by adding a subdivision; 290A.04, subdivision 5; 375.192, subdivision 2; 462.396, subdivision 2; 469.175, subdivision 4; 469.176, subdivision 4c; 469.177, subdivision 9; 611.26, subdivision 2; Minnesota Statutes Second 1989 Supplement, sections 3.885, subdivision 8; 3.982; 60A.15, subdivision 1; 124.83, subdivision 1; 256.025, subdivision 4; 272.02, subdivision 4; 273.064; 273.123, subdivision 4; 273.13, subdivisions 22, 23, 24, and 25, as amended; 273.1398, subdivisions 1, 2, and 6; 273.371, subdivision 1; 275.065, subdivisions 1, 3, and 6; 275.07, subdivisions 1 and 3; 275.50, subdivision 5; 275.51, subdivisions 3f, as amended, 3h, and 4; 276.04, subdivision 2; 290.05, subdivision 1; 290.06, subdivisions 1 and 21; 290.091, subdivision 2; 290.0921, subdivisions 1, 3, 8, and by adding a subdivision; 290A.04, subdivisions 2a and 2h; 357.021, subdivision 1a; 469.171, subdivision 7a; 469.174, subdivisions 7 and 10; 469.175, subdivisions 3 and 7; 469.176, subdivisions 1 and 4j; 469.177, subdivision 10; 469.190, subdivisions 1, 2, and 3; 473H.10, subdivision 3; 477A.011, subdivisions 1a and 25; 477A.013, subdivisions 3, 5, and 6; Laws 1959, chapter 462, section 3, subdivision 10, as amended; Laws 1988, chapter 719, article 12, section 30, as amended; Laws 1989, chapter 326, article 3, section 49; chapter 335, article 3, sections 38, 44, 54, subdivision 8, and 58, as amended; chapter 353, section 13; Laws 1989, First Special Session chapter 1, article 5, section 52; Laws 1990, chapter 480, article 1, section 3, subdivision 14; and article 8, section 18; proposing

coding for new law in Minnesota Statutes, chapters 116J; 134; 270; 273; 289A; 290; and 469; repealing Minnesota Statutes 1988, sections 115A.09, subdivision 5; 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 115A.922; 115A.923, subdivisions 2, 3, 4, and 5; 115A.924; 115A.925; 115A.927; 115A.928; 375.192, subdivision 1; 383A.65; Minnesota Statutes Second 1989 Supplement, sections 273.1398, subdivision 2b; 290.06, subdivision 1a; and 290A.045; Laws 1987, chapter 348, section 51, subdivision 5.”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Paul Anders Ogren, Dee Long, Ann H. Rest, Sidney Pauly, Edgar Olson

Senate Conferees: (Signed) Douglas J. Johnson, Steven G. Novak, Lawrence J. Pogemiller, LeRoy A. Stumpf, William V. Belanger, Jr.

Mr. Johnson, D.J. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2478 be now adopted, and that the bill be repassed as amended by the Conference Committee.

### CALL OF THE SENATE

Mr. Johnson, D.J. imposed a call of the Senate for the balance of the proceedings on H.F. No. 2478. 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.J. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2478 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 27, as follows:

Those who voted in the affirmative were:

Belanger	Frank	Laidig	Novak	Schmitz
Berg	Frederick	Langseth	Pariseau	Solon
Bertram	Frederickson, D.R.	Lantry	Pehler	Spear
Brandl	Freeman	Luther	Peterson, R. W.	Stumpf
Brataas	Gustafson	Marty	Piper	Waldorf
Cohen	Hughes	Merriam	Pogemiller	
DeCramer	Johnson, D.J.	Moe, D.M.	Purfeerst	
Dicklich	Knaak	Moe, R.D.	Reichgott	

Those who voted in the negative were:

Adkins	Dahl	Knutson	Metzen	Samuelson
Anderson	Davis	Kroening	Morse	Storm
Beckman	Decker	Larson	Olson	Vickerman
Benson	Flynn	Lessard	Piepho	
Berglin	Frederickson, D.J.	McGowan	Ramstad	
Bernhagen	Johnson, D.E.	McQuaid	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 has adopted the recommendation and report of the Conference Committee on Senate File No. 2421, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2421: A bill for an act relating to elections; presidential primary; changing the primary date; providing procedures for conducting the primary; changing the requirements for being a candidate at the primary; allowing voters to prefer uncommitted delegates; allowing write-in votes; providing for voter receipt of ballots; eliminating the provision that the primary winner is the party's endorsed candidate; changing the apportionment of party delegates; requiring provision of certain information to interested persons; amending Minnesota Statutes 1988, sections 204B.06, by adding a subdivision; 204B.11, subdivision 2; Minnesota Statutes 1989 Supplement, sections 207A.01; 207A.02; 207A.03; 207A.04; and 207A.06, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 207A; repealing Minnesota Statutes 1989 Supplement, section 207A.05.

Senate File No. 2421 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Spear moved that the name of Mr. Pogemiller be added as a co-author to S.F. No. 2177. The motion prevailed.

**MEMBERS EXCUSED**

Messrs. Diessner and Mehrkens were excused from the Session of today. Mr. Dahl was excused from the Session of today from 12:45 to 2:00 p.m. Mr. Freeman was excused from the Session of today from 1:00 to 3:15 p.m. Messrs. Lessard and Pogemiller were excused from the Session of today from 7:30 to 8:30 p.m. Messrs. Knaak and Gustafson were excused from the Session of today from 10:15 to 11:45 p.m. Mr. Chmielewski was excused from the Session of today at 8:00 p.m. Mr. Brandl was excused from the Session of today from 1:00 to 5:30 p.m. Mr. Gustafson was excused from the Session of today from 3:55 to 5:45 p.m. Ms. Reichgott was excused from the Session of today from 4:30 to 5:00 p.m. Mr. Johnson, D.J. was excused from the Session of today at 3:20 p.m.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 11:00 a.m., Wednesday, April 25, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## NINETY-SIXTH DAY

St. Paul, Minnesota, Wednesday, April 25, 1990

The Senate met at 11:00 a.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 Senator Dean E. Johnson.

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

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

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 24, 1990

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. 838, 1698, 1704, 1789, 1820, 1821, 2026, 2051, 2090, 2092, 2132, 2208, 2281, 2318, 2349, 2424, 2430, 2483, 2493 and 2564.

Sincerely,  
Rudy Perpich, Governor

April 25, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
2090		471	2117 hours April 24	April 25
	2480	480	2115 hours April 24	April 25
2281		481	2119 hours April 24	April 25
1821		483	2120 hours April 24	April 25
1820		484	2100 hours April 24	April 25
	2134	486	2124 hours April 24	April 25
2483		488	2127 hours April 24	April 25
1789		489	2130 hours April 24	April 25
2026		490	2132 hours April 24	April 25
2430		491	2135 hours April 24	April 25
2564		492	2138 hours April 24	April 25
2092		493	2142 hours April 24	April 25
2132		494	2147 hours April 24	April 25
2318		495	2150 hours April 24	April 25
2493		496	2152 hours April 24	April 25
838		497	2154 hours April 24	April 25
2051		498	2156 hours April 24	April 25
2208		499	2158 hours April 24	April 25
1698		500	2200 hours April 24	April 25
1704		502	2104 hours April 24	April 25
	1927	503	2105 hours April 24	April 25
2349		504	2107 hours April 24	April 25
2424		507	2212 hours April 24	April 25
	2294	510	2111 hours April 24	April 25

Sincerely,  
Joan Anderson Growe  
Secretary of State

**MOTIONS AND RESOLUTIONS**

S.F. No. 1674 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1674**

A bill for an act relating to agriculture; providing grasshopper control; authorizing the commissioner to exempt certain lands from grasshopper control; exempting certain persons from losses relating to grasshopper control; clarifying when public utilities are subject to grasshopper control; providing for notices for control and approval of grasshopper control costs;

authorizing levies; appropriating money; amending Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 18; repealing Minnesota Statutes 1989 Supplement, section 18.0226.

April 24, 1990

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. 1674, 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. 1674 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 18.0225, is amended to read:

18.0225 [GRASSHOPPER CONTROL PROGRAM.]

(a) The commissioner of agriculture shall develop and implement a grasshopper control program to prevent crop damage in the grasshopper control zone. Within grasshopper control zones the commissioner, ~~landowners, and counties~~, local weed inspectors, *and landowners* have the same authorities and duties under chapter 18 for grasshoppers as if grasshoppers are noxious weeds under chapter 18. After consultation and cooperation with the ~~state~~ *Minnesota extension service* entomologist, the commissioner must develop the program to economically and efficiently control grasshoppers and to minimize adverse environmental impact, including the selection of pesticides and prescription of application rates.

*(b) Notwithstanding the provisions of this chapter, the board of a town designated by the commissioner as a grasshopper control zone may appoint a grasshopper control advisory committee of members who are residents of the township. The advisory committee must include:*

*(1) at least one owner of land enrolled in the conservation reserve program if any land is enrolled and an owner of enrolled land is willing to serve; and*

*(2) at least one dairy farmer if dairying occurs in the township and a dairy farmer is willing to serve.*

*If the town board appoints a grasshopper control advisory committee, the board must seek the advice of the advisory committee before the issuance of each order for grasshopper control or the advisory committee may adopt guidelines for issuing grasshopper control orders.*

~~(b)~~ (c) The grasshopper control program must utilize proven methods of grasshopper control and the commissioner may make grants for experimental methods of control in selected areas.

*(d) Before any grasshopper control measures, including, but not limited to, spraying or the deposit of pelletized controls, are applied on or to streams, lakes, waterways, or public waters, the commissioner shall seek the review and approval of the commissioner of natural resources. As used*

in this paragraph, "streams, lakes, waterways, or public waters," does not include farm ditches, drainage ditches, or county ditches.

(e) The commissioner, upon written request from any person or organization, may exempt from grasshopper control measures a parcel of land that the commissioner, in consultation with the commissioner of natural resources, determines to be of particular, unique scientific or natural significance or is particularly sensitive to the use of insecticides or other control methods being used. The commissioner must consider previous pesticide applications to the property to be exempted and agricultural practices conducted on the property. The exemption may be conditional, may apply to all or part of the property requested, and may be revoked by the commissioner at any time. An exemption granted under this paragraph is for mandatory grasshopper control and does not affect liability under other law.

(f) The request for exemption must include at least the following:

(1) the name and address of the person or organization making the request;

(2) the acreage and legal description of the parcel;

(3) a statement of the specific reasons why an exemption is requested; and

(4) any agreements for grasshopper control and any other information required by the commissioner.

(g) Upon notice of the approval of an exemption, the owner of the exempted property must mail the following notice to adjoining landowners:

"(Name of exempt landowner) has requested and the commissioner of agriculture has exempted (description of land exempted) from mandatory grasshopper control measures due to the scientific or natural significance or sensitivity to insecticides of the property. It is the intent of (landowner's name) not to control grasshoppers on the property. If you have questions about how you may make an agreement for grasshopper control you may contact (exempt landowner's name, address, and phone number).

Cost-sharing may be available for treatment of grasshoppers on your property. For more information contact the commissioner of agriculture.

The exemption does not affect liability under other law."

(h) A decision of the commissioner under paragraph (e) must be in writing and delivered to the person or organization making the request and the clerk of the town in which the property is located. The commissioner, counties, towns, and their agents are not liable for damages from exemptions granted under this section.

(i) From funds appropriated for this purpose, the commissioner must reimburse a person for the cost of grasshopper control measures in a 20-foot wide buffer area on property adjacent to property exempted from grasshopper control measures under paragraph (e), to the extent funds are available. Reimbursement to a person must be made only upon receipt of a completed application form indicating the need for treatment based on an inspector's determination that the exempted property has grasshoppers in densities greater than the density determined by the commissioner to cause economic or potential economic damage for all affected lands

and identifying the location of the treatment. For each application, reimbursement must be 50 percent of cost not to exceed \$4 reimbursement per acre for aerial spraying and \$2.50 reimbursement per acre for ground spraying.

Sec. 2. [18.0228] [CONTROL PROVISIONS.]

*Subdivision 1. [PESTICIDE SELECTION.] (a) The commissioner, in consultation with the Minnesota extension service entomologist, shall prepare a list of registered pesticides and their federal label requirements for use in the grasshopper control program. The commissioner shall recommend pesticides and application methods in designated grasshopper control zones that will minimize the adverse impact on foraging bees. The pesticides must economically and efficiently control grasshoppers and minimize adverse environmental impacts. Grasshopper control may only be conducted under this chapter with pesticides used according to their label requirements.*

*(b) The commissioner shall prescribe methods to determine grasshopper densities and densities causing economic or potential economic damage.*

*Subd. 2. [INDIVIDUAL NOTICES.] (a) The individual notices required under this chapter for the grasshopper control program must be in a form prescribed by the commissioner and state at least the following:*

- (1) the legal description of the property covered by the notice to control;*
- (2) the date the notice is issued;*
- (3) the name and work telephone number of the inspector issuing the notice;*
- (4) the grasshopper counts found on the property;*
- (5) the approximate date the grasshoppers on the property will be controlled by the county or municipality if the owner or occupant does not comply with the notice, which must be at least three days after the date the notice was served;*
- (6) that the costs of the control will be a lien and applied against the property's tax roll; and*
- (7) that the owner or occupant may contact the inspector about the notice before the time that the county or the municipality will control grasshoppers, which must be at least three days after the date the notice was served.*

*(b) The commissioner, a county agricultural inspector, or a local weed inspector issuing a notice under this subdivision shall provide the same number of days for compliance under paragraph (a), clause (5), for property controlled by a private land owner or occupant as for property controlled by a unit of state or local government.*

*Subd. 3. [EFFECTS ON FORAGING BEES.] (a) The Minnesota extension service shall hold meetings in grasshopper control zone areas explaining grasshopper control methods and procedures to minimize adverse effects on foraging bees.*

*(b) Not later than May 1 of each year, an owner of honeybee colonies must notify the commissioner as to the number and location of the colonies. Notification under this section must be accomplished by identifying on a map provided by the commissioner the location of colonies. The notice must include the name, address, and telephone number of the owner. If an*

*owner of honeybee colonies relocates the colonies the owner must report the relocation orally, by phone, or in writing to the extension agent, the town clerk, and the commissioner within ten days after the relocation.*

*(c) The commissioner shall prepare maps of the location of all registered honeybee colonies, including identification of the name, address, and telephone number of the owner. The maps must be updated at least once each 14 days if owners of registered honeybee colonies give notice of relocations.*

*(d) The commissioner shall provide a list of licensed commercial and noncommercial pesticide applicators, including the applicator's name, business address, and phone number, to the registered beekeepers in designated grasshopper control zones.*

*(e) The commissioner shall prescribe a system by which owners of honeybee colonies, licensed commercial and noncommercial pesticide applicators, and county extension agents must, and town clerks may, be advised of the location of registered honeybee colonies reported under this section, of the federal pesticide label requirements pertaining to foraging bees, and of penalties for violating label requirements.*

*(f) The commissioner shall also develop guidelines for a voluntary system to facilitate the exchange of information between owners of registered honeybee colonies and pesticide applicators regarding the pesticide selected for use, the anticipated date and time of application, and the location of honeybee colonies.*

*(g) In a year in which grasshopper control zones are designated, the commissioner shall report to the chairs of the house and senate agriculture and environment committees on the number of acres treated for grasshopper control, the pesticides recommended for use, the pesticides used, the results of research and application of nonpesticide grasshopper control, the number of acres exempted from grasshopper control, and any evidence of negative environmental impacts of the grasshopper control program.*

### Sec. 3. [18.0229] [LIABILITY; APPEALS.]

*Subdivision 1. [COUNTIES AND TOWNSHIPS.] Counties and townships and their agents are not liable for damages from the grasshopper control program for actions conducted in accordance with sections 18.0223 to 18.0229.*

*Subd. 2. [ACCESS FOR INSPECTION.] An inspector may enter any land to inspect grasshopper densities.*

*Subd. 3. [APPEAL TO COUNTY BOARD.] A person who is ordered to control grasshoppers under sections 18.0225 to 18.0229 and is charged for grasshopper control may appeal the cost of grasshopper control to the county board of the county where the grasshopper control measures were undertaken within 30 days after being charged. The county board shall determine the amount and approve the charge and filing of a lien against the property if it determines that:*

*(1) the owner, or occupant if other than the owner, responsible for controlling grasshoppers did not comply with the order of the inspector; and*

*(2) the grasshopper densities on the property exceeded the densities determined by the commissioner to cause economic or potential economic damage.*

*Subd. 4. [COURT APPEAL OF COSTS; PETITION.] (a) A land owner*

who has appealed the cost of grasshopper control measures under subdivision 3 may petition for judicial review. The petition must be filed within 30 days after the conclusion of the hearing before the county board. The petition must be filed with the court administrator in the county in which the real property where the grasshopper control measures were undertaken is located, together with proof of service of a copy of the petition on the commissioner and the county auditor. The petition must be accompanied by the standard filing fee for civil actions. No responsive pleadings may be required of the commissioner or the county, and no court fees may be charged for the appearance of the commissioner or the county in the matter.

(b) The petition must be captioned in the name of the person making the petition as petitioner and the commissioner of agriculture and the respective county as respondents. The petition must include the petitioner's name, the legal description of the real estate involved, a copy of the notice to control grasshoppers, and the date or dates on which appealed control measures were undertaken.

(c) The petition must state with specificity the grounds upon which the petitioner seeks to avoid the imposition of a lien for the cost of grasshopper control measures.

Subd. 5. [HEARING.] (a) A hearing under subdivisions 4 to 6 must be held at the earliest practicable date, and in no event later than 90 days following the filing of the petition of objection. The hearing must be before a district judge in the county in which the real property where the grasshopper control measures were undertaken is located, and must be conducted in accordance with the district court rules of civil procedure.

(b) The court shall either order that a lien representing part or all of the costs for grasshopper control measures be imposed against the real property or that the land owner be relieved of responsibility for payment of grasshopper control measures undertaken.

Subd. 6. [FURTHER APPEAL.] A party aggrieved by the decision of the reviewing court may appeal the decision as provided in the rules of appellate procedure.

#### Sec. 4. [18.205] [PUBLIC UTILITY EASEMENTS.]

For property that is subject to a public utility easement, the person controlling the surface of the land other than the holder of the public utility easement is the person responsible for control of grasshoppers under this chapter. For purposes of this section, a "public utility easement" means an easement used for the purpose of transmission, distribution, furnishing at wholesale or retail natural or manufactured gas, or electric or telephone service, by a public utility as defined in section 216B.02, subdivision 4, a cooperative electric association organized under chapter 308A, a telephone company as defined in section 237.01, subdivisions 2 and 3, or a municipality producing or furnishing gas, electric, or telephone service.

#### Sec. 5. [FEDERAL COST-SHARE FOR EXEMPT LANDS.]

In the event that federal cost-share funds become available for grasshopper control, the commissioner shall attempt to secure a proportionate share for lands exempted under section 18.0225.

#### Sec. 6. [APPROPRIATIONS; CONTINGENT ACCOUNT.]



in this paragraph, "streams, lakes, waterways, or public waters," does not include farm ditches, drainage ditches, or county ditches.

(e) The commissioner, upon written request from any person or organization, may exempt from grasshopper control measures a parcel of land that the commissioner, in consultation with the commissioner of natural resources, determines to be of particular, unique scientific or natural significance or is particularly sensitive to the use of insecticides or other control methods being used. The commissioner must consider previous pesticide applications to the property to be exempted and agricultural practices conducted on the property. The exemption may be conditional, may apply to all or part of the property requested, and may be revoked by the commissioner at any time. An exemption granted under this paragraph is for mandatory grasshopper control and does not affect liability under other law.

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"(Name of exempt landowner) has requested and the commissioner of agriculture has exempted (description of land exempted) from mandatory grasshopper control measures due to the scientific or natural significance or sensitivity to insecticides of the property. It is the intent of (landowner's name) not to control grasshoppers on the property. If you have questions about how you may make an agreement for grasshopper control you may contact (exempt landowner's name, address, and phone number).

Cost-sharing may be available for treatment of grasshoppers on your property. For more information contact the commissioner of agriculture.

The exemption does not affect liability under other law."

(h) A decision of the commissioner under paragraph (e) must be in writing and delivered to the person or organization making the request and the clerk of the town in which the property is located. The commissioner, counties, towns, and their agents are not liable for damages from exemptions granted under this section.

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*(b) The commissioner shall prescribe methods to determine grasshopper densities and densities causing economic or potential economic damage.*

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- (1) the legal description of the property covered by the notice to control;*
- (2) the date the notice is issued;*
- (3) the name and work telephone number of the inspector issuing the notice;*
- (4) the grasshopper counts found on the property;*
- (5) the approximate date the grasshoppers on the property will be controlled by the county or municipality if the owner or occupant does not comply with the notice, which must be at least three days after the date the notice was served;*
- (6) that the costs of the control will be a lien and applied against the property's tax roll; and*
- (7) that the owner or occupant may contact the inspector about the notice before the time that the county or the municipality will control grasshoppers, which must be at least three days after the date the notice was served.*

*(b) The commissioner, a county agricultural inspector, or a local weed inspector issuing a notice under this subdivision shall provide the same number of days for compliance under paragraph (a), clause (5), for property controlled by a private land owner or occupant as for property controlled by a unit of state or local government.*

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*(g) In a year in which grasshopper control zones are designated, the commissioner shall report to the chairs of the house and senate agriculture and environment committees on the number of acres treated for grasshopper control, the pesticides recommended for use, the pesticides used, the results of research and application of nonpesticide grasshopper control, the number of acres exempted from grasshopper control, and any evidence of negative environmental impacts of the grasshopper control program.*

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*(1) the owner, or occupant if other than the owner, responsible for controlling grasshoppers did not comply with the order of the inspector; and*

*(2) the grasshopper densities on the property exceeded the densities determined by the commissioner to cause economic or potential economic damage.*

*Subd. 4. [COURT APPEAL OF COSTS; PETITION.] (a) A land owner*

who has appealed the cost of grasshopper control measures under subdivision 3 may petition for judicial review. The petition must be filed within 30 days after the conclusion of the hearing before the county board. The petition must be filed with the court administrator in the county in which the real property where the grasshopper control measures were undertaken is located, together with proof of service of a copy of the petition on the commissioner and the county auditor. The petition must be accompanied by the standard filing fee for civil actions. No responsive pleadings may be required of the commissioner or the county, and no court fees may be charged for the appearance of the commissioner or the county in the matter.

(b) The petition must be captioned in the name of the person making the petition as petitioner and the commissioner of agriculture and the respective county as respondents. The petition must include the petitioner's name, the legal description of the real estate involved, a copy of the notice to control grasshoppers, and the date or dates on which appealed control measures were undertaken.

(c) The petition must state with specificity the grounds upon which the petitioner seeks to avoid the imposition of a lien for the cost of grasshopper control measures.

*Subd. 5. [HEARING.]* (a) A hearing under subdivisions 4 to 6 must be held at the earliest practicable date, and in no event later than 90 days following the filing of the petition of objection. The hearing must be before a district judge in the county in which the real property where the grasshopper control measures were undertaken is located, and must be conducted in accordance with the district court rules of civil procedure.

(b) The court shall either order that a lien representing part or all of the costs for grasshopper control measures be imposed against the real property or that the land owner be relieved of responsibility for payment of grasshopper control measures undertaken.

*Subd. 6. [FURTHER APPEAL.]* A party aggrieved by the decision of the reviewing court may appeal the decision as provided in the rules of appellate procedure.

#### Sec. 4. [18.205] [PUBLIC UTILITY EASEMENTS.]

For property that is subject to a public utility easement, the person controlling the surface of the land other than the holder of the public utility easement is the person responsible for control of grasshoppers under this chapter. For purposes of this section, a "public utility easement" means an easement used for the purpose of transmission, distribution, furnishing at wholesale or retail natural or manufactured gas, or electric or telephone service, by a public utility as defined in section 216B.02, subdivision 4, a cooperative electric association organized under chapter 308A, a telephone company as defined in section 237.01, subdivisions 2 and 3, or a municipality producing or furnishing gas, electric, or telephone service.

#### Sec. 5. [FEDERAL COST-SHARE FOR EXEMPT LANDS.]

In the event that federal cost-share funds become available for grasshopper control, the commissioner shall attempt to secure a proportionate share for lands exempted under section 18.0225.

#### Sec. 6. [APPROPRIATIONS; CONTINGENT ACCOUNT.]

**Sec. 2. [REPEALER.]**

*Section 1 is repealed July 1, 1991.*

**Sec. 3. [EFFECTIVE DATE.]**

*Section 1 is effective on approval of the Scott County Board."*

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) William P. Luther, Allan H. Spear, Fritz Knaak

House Conferees: (Signed) Thomas W. Pugh, Dave Bishop, Randy C. Kelly

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1150 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. 1150 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	Dahl	Johnson, D.J.	McQuaid	Ramstad
Anderson	Davis	Knaak	Merriam	Reichgott
Beckman	Decker	Knutson	Metzen	Renneke
Benson	DeCramer	Laidig	Moe, D.M.	Schmitz
Berg	Dicklich	Langseth	Morse	Solon
Berglin	Flynn	Lantry	Novak	Storm
Bernhagen	Frank	Larson	Olson	Stumpf
Bertram	Frederick	Lessard	Peterson, R.W.	Vickerman
Brandl	Frederickson, D.R.	Luther	Piepho	
Brataas	Hughes	Marty	Piper	
Cohen	Johnson, D.E.	McGowan	Purfeerst	

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

Without objection, remaining on the Orders of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House and First Reading of House Bills.

## MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce 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. 1870: A bill for an act relating to horse racing; increasing per diem rate for racing commissioners; requiring licenses for pari-mutuel clerks at county fairs; apportioning money for promotion of the breeding and racing industry; allowing supervision of administration of certain medications by designated persons; prohibiting acceptance of bets by telephone; reducing state tax withholding on pari-mutuel winnings; amending Minnesota Statutes 1988, sections 240.02, subdivision 3; 240.09, subdivision

2; 240.13, subdivision 8; 240.18; 240.24, subdivision 2; and 290.92, subdivision 27.

Senate File No. 1870 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

### CONCURRENCE AND REPASSAGE

Mrs. Lantry moved that the Senate concur in the amendments by the House to S.F. No. 1870 and that the bill be placed on its repassage as amended.

Mr. Dicklich moved that the Senate do not concur in the amendments by the House to S.F. No. 1870, 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. Dicklich.

The roll was called, and there were yeas 36 and nays 24, as follows:

Those who voted in the affirmative were:

Anderson	Dahl	Knutson	Morse	Samuelson
Beckman	Decker	Laidig	Olson	Spear
Belanger	Dicklich	Larson	Pehler	Storm
Benson	Flynn	Luther	Peterson, R. W.	Vickerman
Berg	Frank	Marty	Piepho	
Berglin	Frederickson, D.R.	McGowan	Ramstad	
Bernhagen	Johnson, D.E.	McQuaid	Reichgott	
Brandl	Johnson, D.J.	Merriam	Renneke	

Those who voted in the negative were:

Adkins	DeCramer	Kroening	Moe, D.M.	Schmitz
Bertram	Frederick	Langseth	Moe, R.D.	Solon
Brataas	Frederickson, D.J.	Lantry	Novak	Stumpf
Cohen	Hughes	Lessard	Piper	Waldorf
Davis	Knaak	Metzen	Purfeerst	

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. 1960, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1960 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 24, 1990

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 1960**

A bill for an act relating to natural resources; amending certain provisions concerned with the management of wildlife; amending Minnesota Statutes 1988, sections 97A.135, by adding a subdivision; and 97A.445, by adding a subdivision; and Minnesota Statutes 1989 Supplement, section 97B.603.

April 21, 1990

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. 1960, 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. 1960 be further amended as follows:

Page 4, after line 36, insert:

“Sec. 6. Minnesota Statutes 1989 Supplement, section 97B.603, is amended to read:

97B.603 [SMALL GAME PARTY HUNTING.]

While two or more persons are hunting small game as a party and maintaining unaided visual and vocal contact, a member of the party may take and possess more than one limit of small game, but the total number of small game taken and possessed by the party may not exceed the limit of the number of persons in the party that may take and possess small game. *This section does not apply to the hunting of migratory game birds or turkeys.*”

Page 5, line 2, delete “*This act is*” and insert “*Sections 1 to 5 are*”

Re-number the remaining section

Amend the title as follows:

Page 1, line 7, delete “section” and insert “sections”

Page 1, line 8, before the period insert “; and 97B.603”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) David P. Battaglia, Tom Osthoff, Phyllis Kahn

Senate Conferees: (Signed) Charles A. Berg, Bob Lessard, Dennis R. Frederickson

Mr. Berg moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1960 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. 1960 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 4, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knutson	Merriam	Purfeerst
Anderson	Decker	Kroening	Metzen	Ramstad
Belanger	DeCramer	Laidig	Moe, R.D.	Reichgott
Benson	Frank	Langseth	Morse	Renneke
Berg	Frederick	Lantry	Novak	Solon
Bernhagen	Frederickson, D.J.	Larson	Olson	Storm
Bertram	Frederickson, D.R.	Lessard	Pariseau	Stumpf
Brandl	Freeman	Luther	Pehler	Vickerman
Brataas	Johnson, D.E.	Marty	Peterson, R.W.	Waldorf
Cohen	Johnson, D.J.	McGowan	Piepho	
Dahl	Knaak	McQuaid	Piper	

Mr. Beckman, Mses. Berglin, Flynn and Mr. Spear voted in the negative.

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2833.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1990

### FIRST READING OF HOUSE BILLS

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

H.F. No. 2833: A resolution memorializing the Minnesota High Technology Council to take action to plan for development of a scientific research institute within the state.

Referred to the Committee on Rules and Administration.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Spear moved that the names of Messrs. Freeman and Luther be added as co-authors to S.F. No. 2177. The motion prevailed.

Mr. Cohen moved that S.F. No. 1777 and the Conference Committee Report thereon be taken from the table. The motion prevailed.

S.F. No. 1777: A bill for an act relating to Ramsey county; setting the terms of charter commission members; amending Minnesota Statutes 1988, section 383A.553, subdivision 1.

### RECONSIDERATION

Mr. Luther moved that the vote whereby the motion to adopt the Conference Committee Report on S.F. No. 1777 did not prevail on April 24, 1990, be now reconsidered.



**CALL OF THE SENATE**

Mr. Cohen imposed a call of the Senate for the balance of the proceedings on S.F. No. 1777. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Luther.

The roll was called, and there were yeas 32 and nays 30, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Kroening	Moe, D.M.	Spear
Belanger	DeCramer	Laidig	Moe, R.D.	Stumpf
Berg	Flynn	Langseth	Morse	Vickerman
Berglin	Frederickson, D.J.	Lantry	Piper	Waldorf
Brandl	Freeman	Lessard	Purfeerst	
Cohen	Hughes	Luther	Renneke	
Davis	Johnson, D.E.	Merriam	Schmitz	

Those who voted in the negative were:

Anderson	Dahl	Johnson, D.J.	McQuaid	Piepho
Beckman	Dicklich	Knaak	Metzen	Ramstad
Benson	Frank	Knutson	Novak	Reichgott
Bernhagen	Frederick	Larson	Olson	Samuelson
Bertram	Frederickson, D.R.	Marty	Pariseau	Solon
Brataas	Gustafson	McGowan	Pehler	Storm

The motion prevailed.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1777**

A bill for an act relating to Ramsey county; setting the terms of charter commission members; amending Minnesota Statutes 1988, section 383A.553, subdivision 1.

April 23, 1990

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. 1777, 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) Richard J. Cohen, Gene Waldorf

House Conferees: (Signed) Dick Kostohryz, Mary Jo McGuire, Don Valento

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1777 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 of Mr. Cohen.

The roll was called, and there were yeas 34 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	Moe, D.M.	Solon
Anderson	DeCramer	Knutson	Moe, R.D.	Spear
Belanger	Flynn	Kroening	Peterson, R.W.	Storm
Berg	Frederick	Langseth	Purfeerst	Stumpf
Berglin	Frederickson, D.J.	Lantry	Renneke	Vickerman
Brandl	Freeman	Lessard	Samuelson	Waldorf
Brataas	Hughes	Merriam	Schmitz	

Those who voted in the negative were:

Beckman	Dicklich	Laidig	Metzen	Piepho
Benson	Frank	Larson	Morse	Ramstad
Bernhagen	Frederickson, D.R.	Luther	Novak	Reichgott
Bertram	Gustafson	Marty	Olson	
Dahl	Johnson, D.J.	McGowan	Pariseau	
Decker	Knaak	McQuaid	Pehler	

The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1777 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 26, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	Moe, R.D.	Spear
Anderson	Davis	Knutson	Peterson, R.W.	Stumpf
Belanger	Decker	Kroening	Piper	Vickerman
Benson	DeCramer	Langseth	Purfeerst	Waldorf
Berg	Flynn	Lantry	Renneke	
Berglin	Frederick	Lessard	Samuelson	
Brandl	Frederickson, D.J.	Merriam	Schmitz	
Brataas	Freeman	Moe, D.M.	Solon	

Those who voted in the negative were:

Beckman	Frederickson, D.R.	Larson	Morse	Ramstad
Bernhagen	Gustafson	Luther	Novak	Reichgott
Bertram	Johnson, D.E.	Marty	Olson	
Dahl	Johnson, D.J.	McGowan	Pariseau	
Dicklich	Knaak	McQuaid	Pehler	
Frank	Laidig	Metzen	Piepho	

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 his name be stricken as a co-author to S.F. No. 1777. The motion prevailed.

Mr. Knaak moved that his name be stricken as a co-author to S.F. No. 1777. The motion prevailed.

Mr. Marty moved that his name be stricken as chief author, shown as a co-author, and the name of Mr. Moe, D.M. be shown as chief author to S.F. No. 1679. The motion prevailed.

## RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 3:00 p.m. The motion prevailed.

The hour of 3:00 p.m. having arrived, the President called the Senate to order.

### CALL OF THE SENATE

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

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 576 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 576

A bill for an act relating to human services; providing that medical certification for general assistance benefits may be made by a licensed chiropractor; amending Minnesota Statutes 1988, section 256D.02, by adding a subdivision.

April 25, 1990

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. 576, 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. 576 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [148.09] [INDEPENDENT EXAMINATION.]

*A doctor of chiropractic conducting a physical examination of a patient or a review of records by a doctor of chiropractic, for the purpose of generating a report or opinion to aid a reparation obligor under chapter 65B in making a determination regarding the condition or further treatment of the patient, shall meet the following requirements:*

*(1) the doctor of chiropractic must either be an instructor at an accredited school of chiropractic or have devoted not less than 50 percent of practice time to direct patient care during the two years immediately preceding the examination;*

*(2) the doctor of chiropractic must have completed any annual continuing education requirements for chiropractors prescribed by the board of chiropractic examiners;*

*(3) the doctor of chiropractic must not accept a fee of more than \$500 for each independent exam conducted; and*

*(4) the doctor of chiropractic must register with the board of chiropractic examiners as an independent examiner and adhere to all rules governing the practice of chiropractic.*

Sec. 2. Minnesota Statutes 1988, section 256D.02, is amended by adding a subdivision to read:

*Subd. 17. [PROFESSIONAL CERTIFICATION.] "Professional certification" means:*

*(1) a statement about a person's illness, injury, or incapacity that is signed by a licensed physician, licensed consulting psychologist, or licensed psychologist, whose professional training and experience qualifies him or her to diagnose and certify the person's condition; or*

*(2) a statement about an incapacity involving a spinal subluxation condition that is signed by a licensed chiropractor whose professional training and experience qualifies him or her to diagnose and certify the condition.*

**Sec. 3. [REVISOR'S INSTRUCTION.]**

*The revisor of statutes shall change the words "medical certification" or "medically certified" wherever they appear in Minnesota Statutes, chapter 256D to "professional certification" or "professionally certified" in Minnesota Statutes 1990."*

Delete the title and insert:

"A bill for an act relating to human services; providing that certification of illness, injury, or incapacity for purposes of general assistance benefits may be made by a licensed chiropractor; regulating independent medical examinations by chiropractors; changing terminology; amending Minnesota Statutes 1988, section 256D.02, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 148."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Pat Piper, Sam G. Solon, Cal Larson, William P. Luther, Mel Frederick

House Conferees: (Signed) Richard H. Jefferson, Paul Anders Ogren, Chris Tjornhom, Becky Kelso, Peter Rodosovich

Ms. Piper moved that the foregoing recommendations and Conference Committee Report on S.F. No. 576 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. 576 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	McQuaid	Piper
Anderson	Decker	Knaak	Merriam	Purfeerst
Beckman	DeCramer	Knutson	Metzen	Ramstad
Belanger	Dicklich	Kroening	Moe, D.M.	Reichgott
Benson	Flynn	Laidig	Moe, R.D.	Renneke
Berg	Frank	Langseth	Morse	Samuelson
Berglin	Frederick	Lantry	Novak	Schmitz
Bernhagen	Frederickson, D.J.	Larson	Olson	Solon
Bertram	Freeman	Lessard	Pariseau	Storm
Brataas	Gustafson	Luther	Pehler	Stumpf
Cohen	Hughes	Marty	Peterson, R.W.	Vickerman
Dahl	Johnson, D.E.	McGowan	Piepho	Waldorf

Mr. Brandl voted in the negative.

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

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. 1150, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1150: A bill for an act relating to creditors remedies; regulating executions and garnishments; amending Minnesota Statutes 1988, section 550.142; proposing coding for new law in Minnesota Statutes, chapters 550 and 557; proposing coding for new law as Minnesota Statutes, chapter 551; repealing Minnesota Statutes 1988, sections 550.041; 550.05; 550.14; 550.141; 571.41; 571.42; 571.43; 571.44; 571.45; 571.46; 571.471; 571.495; 571.50; 571.51; 571.52; 571.53; 571.54; 571.55; 571.56; 571.57; 571.58; 571.59; 571.60; 571.61; 571.62; 571.63; 571.64; 571.65; 571.66; 571.67; 571.68; and 571.69.

Senate File No. 1150 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1990

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. 1674, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1674: A bill for an act relating to agriculture; providing grasshopper control; authorizing the commissioner to exempt certain lands from grasshopper control; exempting certain persons from losses relating to grasshopper control; clarifying when public utilities are subject to grasshopper control; providing for notices for control and approval of grasshopper control costs; authorizing levies; appropriating money; amending Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 18; repealing Minnesota Statutes 1989 Supplement, section 18.0226.

Senate File No. 1674 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1990

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. 2666, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2666 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2666

A bill for an act relating to elections; limiting campaign expenditures by congressional candidates who choose to receive a public subsidy for their campaigns; limiting certain contribution receipts by congressional candidates; clarifying and modifying certain exceptions to multicandidate political party expenditure limitations; modifying lobbyist reporting requirements; expanding certain reports by certain political committees and political funds; discontinuing the state ethical practices board's responsibility for developing and furnishing certain forms; providing an income tax credit for contributions to state candidates and political parties; limiting contributions and solicitations during a regular legislative session; providing a public subsidy for legislative candidates in special elections; requiring candidates to match funds received from the state elections campaign fund; requiring deer licenses to include an application for absentee ballots; requiring county auditors to provide a sample ballot for classroom use; specifying a time period for preparing a candidate's affidavit; providing penalties; amending Minnesota Statutes 1988, sections 10A.01, subdivisions 7 and 10b; 10A.02, subdivision 1; 10A.04, subdivisions 2, 4, and 4a; 10A.05; 10A.20, subdivision 3; 10A.24; 10A.25, subdivision 10, and by adding a subdivision; 10A.255, by adding a subdivision; 10A.27, subdivisions 1 and 4; 10A.275; 10A.28, subdivision 1; 10A.30, subdivision 2; 10A.33; 97A.485, by adding a subdivision; 204B.09, subdivision 1; 204D.03, subdivision 1; 290.06, by adding a subdivision; and 383B.055, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 10A; and 204D; repealing Minnesota Statutes 1988, sections 10A.27, subdivision 5; 10A.32, subdivisions 1, 2, 3, and 4; and 211B.11, subdivision 2; Minnesota Statutes 1989 Supplement, section 10A.32, subdivision 3a.

April 24, 1990

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. 2666, 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. 2666 be further amended as follows:

Delete everything after the enacting clause and insert:

## "ELECTIONS AND ETHICS REFORM ACT OF 1990

## ARTICLE 1

## LOBBYING DISCLOSURE

Section 1. Minnesota Statutes 1988, section 10A.01, subdivision 11, is amended to read:

Subd. 11. (a) "Lobbyist" means ~~any~~ an individual:

~~(a)~~ (1) engaged for pay or other consideration, or authorized to spend money by another individual ~~or~~, association ~~to spend money~~, political subdivision, or public higher education system, who spends more than five hours in any month or more than \$250, not including the individual's own travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action, ~~or the official action of a metropolitan governmental unit~~, by communicating or urging others to communicate with public or local officials; or

~~(b)~~ (2) who spends more than \$250, not including the individual's own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action, ~~or the official action of a metropolitan governmental unit~~, by communicating or urging others to communicate with public or local officials.

(b) "Lobbyist" does not include ~~any~~:

~~(a)~~ (1) a public official ~~or employee of the state or any of its~~;

(2) an employee of the state, including an employee of any of the public higher education systems;

(3) an elected local official;

~~(4) a nonelected local official or an employee of a political subdivisions or public bodies subdivision acting in an official capacity, unless the nonelected official or employee of a political subdivision spends more than 50 hours in any month attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit other than the political subdivision employing the official or employee, by communicating or urging others to communicate with public or local officials, including time spent monitoring legislative or administrative action, or the official action of a metropolitan governmental unit, and related research, analysis, and compilation and dissemination of information relating to legislative or administrative policy in this state, or to the policies of metropolitan governmental units;~~

~~(b)~~ (5) a party or the party's representative appearing in a proceeding before a state board, commission or agency of the executive branch unless the board, commission or agency is taking administrative action;

~~(e)~~ (6) an individual while engaged in selling goods or services to be paid for by public funds;

~~(d)~~ (7) a news ~~media~~ medium or ~~their~~ its employees or agents while engaged in the publishing or broadcasting of news items, editorial comments or paid advertisements which directly or indirectly urge official action;

~~(e)~~ (8) a paid expert witness whose testimony is requested by the body before which the witness is appearing, but only to the extent of preparing

or delivering testimony;

~~(f)~~ (9) a stockholder of a family farm corporation as defined in section 500.24, subdivision 2, who does not spend over \$250, excluding the stockholder's own travel expenses, in any year in communicating with public officials; or

~~(g)~~ (10) a party or the party's representative appearing to present a claim to the legislature and communicating to legislators only by the filing of a claim form and supporting documents and by appearing at public hearings on the claim.

Sec. 2. Minnesota Statutes 1988, section 10A.01, is amended by adding a subdivision to read:

*Subd. 25. [LOCAL OFFICIAL.] "Local official" means a person who holds elective office in a political subdivision or who is appointed to or employed in a public position in a political subdivision in which the person has authority to make, to recommend, or to vote on as a member of the governing body, major decisions regarding the expenditure or investment of public money.*

Sec. 3. Minnesota Statutes 1988, section 10A.01, is amended by adding a subdivision to read:

*Subd. 26. [METROPOLITAN GOVERNMENTAL UNIT.] "Metropolitan governmental unit" means any of the seven counties in the metropolitan area as defined in section 473.121, subdivision 2, a regional railroad authority established by one or more of those counties under section 398A.03, a city with a population of over 50,000 located in the seven-county metropolitan area, the metropolitan council, a metropolitan agency as defined in section 473.121, subdivision 5a, the Minnesota state high school league, and the Greater Minnesota Corporation.*

Sec. 4. Minnesota Statutes 1988, section 10A.01, is amended by adding a subdivision to read:

*Subd. 27. [POLITICAL SUBDIVISION.] "Political subdivision" means the metropolitan council, a metropolitan agency as defined in section 473.121, subdivision 5a, a municipality as defined in section 471.345, subdivision 1, the Minnesota state high school league, and the Greater Minnesota Corporation.*

Sec. 5. Minnesota Statutes 1988, section 10A.01, is amended by adding a subdivision to read:

*Subd. 28. [PRINCIPAL.] "Principal" means an individual or association that:*

*(1) spends more than \$500 in the aggregate in any calendar year to engage a lobbyist, compensate a lobbyist, or authorize the expenditure of money by a lobbyist; or*

*(2) is not included in clause (1) and spends a total of at least \$50,000 in any calendar year on efforts to influence legislative action, administrative action, or the official action of metropolitan governmental units, as described in section 10.*

Sec. 6. Minnesota Statutes 1988, section 10A.02, subdivision 1, is amended to read:

Subdivision 1. There is hereby created a state ethical practices board



composed of six members. The members shall be appointed by the governor with the advice and consent of three-fifths of both the senate and the house of representatives acting separately. If either house fails to confirm the appointment of a board member within 45 legislative days after appointment, or by adjournment sine die, whichever occurs first, the appointment shall terminate on the day following the 45th legislative day or on adjournment sine die, whichever occurs first. If either house votes not to confirm an appointment, the appointment terminates on the day following the vote not to confirm. One member shall be a former member of the legislature from a major political party different from that of the governor; one member shall be a former member of the legislature from the same political party as the governor; two members shall be persons who have not been public officials, held any political party office other than precinct delegate, or been elected to public office for which party designation is required by statute in the three years preceding the date of their appointment; and the other two members shall not support the same political party. No more than three of the members of the board shall support the same political party. *No member of the board may currently serve as a lobbyist.*

Sec. 7. Minnesota Statutes 1988, section 10A.04, subdivision 2, is amended to read:

Subd. 2. Each report shall cover the time from the last day of the period covered by the last report to 15 days prior to the current filing date. The reports shall be filed with the board by the following dates:

- (a) January 15;
- (b) April 15; *and*
- (c) July 15; ~~and~~
- (d) ~~October 15.~~

Sec. 8. Minnesota Statutes 1988, section 10A.04, subdivision 4, is amended to read:

Subd. 4. (a) The report shall include such information as the board may require from the registration form and the ~~following~~ *information required by this subdivision* for the reporting period:

~~(a)~~ (b) *Each lobbyist shall report the lobbyist's total disbursements on lobbying, separately listing lobbying to influence legislative action, lobbying to influence administrative action, and lobbying to influence the official actions of a metropolitan governmental unit, and a breakdown of those disbursements for each of those kinds of lobbying into categories specified by the board, including but not limited to the cost of publication and distribution of each publication used in lobbying; other printing; media, including the cost of production; postage; travel; fees, including allowances; entertainment; telephone and telegraph; and other expenses.*

~~(b)~~ (c) *Each lobbyist shall report the amount and nature of each honorarium, gift, loan, item or benefit, excluding contributions to a candidate, equal in value to \$50 or more, given or paid to any public or local official by the lobbyist or any employer or any employee of the lobbyist. The list shall include the name and address of each public or local official to whom the honorarium, gift, loan, item or benefit was given or paid and the date it was given or paid; and.*

~~(c)~~ (d) *Each lobbyist shall report each original source of funds in excess*

of \$500 in any year used for the purpose of lobbying to influence legislative action, each such source of funds used to influence administrative action, and each such source of funds used to influence the official action of metropolitan governmental units. The list shall include the name, address and employer, or, if self-employed, the occupation and principal place of business, of each payer of funds in excess of \$500.

Sec. 9. Minnesota Statutes 1988, section 10A.04, subdivision 4a, is amended to read:

Subd. 4a. If in any reporting period the lobbyist's reportable disbursements total not over \$100 and no honorarium, gift, loan, item or benefit equal in value to \$50 or more was given or paid to any public official, a statement to that effect in lieu of the report may be filed for that period. The unreported disbursements shall be included in the report for the following period, unless the total for that period, including the carryover, is not over \$100. The ~~October~~ January 15 report shall include all previously unreported disbursements, even though the total for the year is not over \$100.

Sec. 10. Minnesota Statutes 1988, section 10A.04, is amended by adding a subdivision to read:

*Subd. 6. [PRINCIPALS TO REPORT.] (a) Each principal shall report to the board as required in this subdivision by March 15 for the preceding calendar year.*

*(b) Each principal shall report which of the following categories includes the total amount, rounded to the nearest dollar, spent by the principal during the preceding calendar year to influence legislative action, administrative action, and the official action of metropolitan governmental units:*

- (1) \$501 to \$50,000;*
- (2) \$50,001 to \$150,000; or*
- (3) \$150,001 to \$250,000.*

*(c) Beyond \$250,000, each additional \$250,000 constitutes an additional category, and each principal shall report which of the categories includes the total amount spent by the principal for the purposes provided in this subdivision.*

*(d) The principal shall report under this subdivision a total amount that includes:*

- (1) all direct payments by the principal to lobbyists in Minnesota;*
- (2) all expenditures for advertising, mailing, research, analysis, compilation and dissemination of information, and public relations campaigns related to legislative action, administrative action, or the official action of metropolitan governmental units in Minnesota; and*
- (3) all salaries and administrative expenses attributable to activities of the principal relating to efforts to influence legislative action, administrative action, or the official action of metropolitan governmental units in Minnesota.*

Sec. 11. Minnesota Statutes 1988, section 10A.04, is amended by adding a subdivision to read:

*Subd. 7. [FINANCIAL RECORDS.] The board may randomly audit the*

*financial records of lobbyists and principals required to report under this section.*

Sec. 12. Minnesota Statutes 1988, section 10A.05, is amended to read:

**10A.05 [LOBBYIST REPORT.]**

Within 30 days after each lobbyist filing date set by section 10A.04, the executive director of the board shall report to the governor, and the presiding officer of each house of the legislature, the names of the lobbyists registered who were not previously reported, the names of the persons or associations whom they represent as lobbyists ~~and~~, the subject or subjects on which they are lobbying, *and whether in each case they lobby to influence legislative or administrative action or both. At the same times, the executive director of the board shall report to the governing body of each metropolitan governmental unit, the names of the registered lobbyists who attempt to influence the official action of metropolitan governmental units, the names of the persons or associations whom they represent as lobbyists, and the subject or subjects on which they are lobbying.*

Sec. 13. Minnesota Statutes 1988, section 10A.06, is amended to read:

**10A.06 [CONTINGENT FEES PROHIBITED.]**

No person ~~shall may act as or~~ employ a lobbyist for compensation ~~which~~ that is dependent upon the result or outcome of any legislative or administrative action, *or of the official action of a metropolitan governmental unit.* ~~Any~~ A person who violates the provisions of this section is guilty of a gross misdemeanor.

Sec. 14. [CURRENT BOARD MEMBERS.]

*Section 6 does not apply to members of the ethical practices board appointed before the effective date of section 6.*

Sec. 15. [SEVERABILITY.]

*If a provision of this article is found to be unconstitutional and void, the remaining provisions of this article remain valid.*

Sec. 16. [EFFECTIVE DATE.]

*Sections 1 to 5, 8, 10, 11, and 12 are effective January 1, 1991. Section 13 is effective January 1, 1991, and applies to crimes committed on or after that date.*

## ARTICLE 2

### ECONOMIC INTEREST AND CONFLICT REPORTING

Section 1. Minnesota Statutes 1988, section 10A.07, is amended to read:

**10A.07 [CONFLICTS OF INTEREST.]**

Subdivision 1. [DISCLOSURE OF POTENTIAL CONFLICTS.] ~~Any~~ A public official or a local official elected to or appointed by a metropolitan governmental unit who in the discharge of official duties would be required to take an action or make a decision ~~which~~ that would substantially affect the official's financial interests or those of an associated business, unless the effect on the official is no greater than on other members of the official's business classification, profession, or occupation, shall take the following actions:

(a) (1) prepare a written statement describing the matter requiring action

or decision and the nature of the potential conflict of interest;

~~(b)~~ (2) deliver copies of the statement ~~to the board and~~ to the official's immediate superior, if any; and

~~(c)~~ (3) if a member of the legislature *or of the governing body of a metropolitan governmental unit*, deliver a copy of the statement to the presiding officer of the ~~house~~ *body* of service.

If a potential conflict of interest presents itself and there is insufficient time to comply with ~~the provisions of clauses (a) (1) to (c) (3)~~, the public *or local* official shall ~~verbally orally~~ inform the superior or the official body of service, or committee ~~thereof~~, *of the body* of the potential conflict. ~~The official shall file a written statement with the board within one week after the potential conflict presents itself.~~

Subd. 2. If the ~~public~~ official is not a member of the legislature *or of the governing body of a metropolitan governmental unit*, the superior shall assign the matter, if possible, to another employee who does not have a potential conflict of interest. If there is no immediate superior, the ~~public~~ official shall abstain, if possible, in a manner prescribed by the board from influence over the action or decision in question. If the ~~public~~ official is a member of the legislature, the house of service may, at the member's request, excuse the member from taking part in the action or decision in question. *If the official is not permitted or is otherwise unable to abstain from action in connection with the matter, the official shall file a statement describing the potential conflict and the action taken. A public official shall file the statement with the board and a local official shall file the statement with the governing body of the official's political subdivision. The statement must be filed within a week of the action taken.*

Subd. 3. [INTEREST IN CONTRACT; LOCAL OFFICIALS.] *This section does not apply to a local official with respect to a matter governed by sections 471.87 and 471.88.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 10A.09, subdivision 1, is amended to read:

Subdivision 1. [TIME FOR FILING.] Except for a candidate for elective office in the judicial branch, an individual shall file a statement of economic interest with the board:

~~(a)~~ (1) within 60 days of accepting employment as a public official *or a local official in a metropolitan governmental unit*;

~~(b)~~ (2) within 14 days after filing an affidavit of candidacy or petition to appear on the ballot for an elective public office *or an elective local office in a metropolitan governmental unit*;

~~(c)~~ (3) in the case of a public official requiring the advice and consent of the senate, within 14 days after undertaking the duties of office; or

~~(d)~~ (4) in the case of members of the Minnesota racing commission, the director of the division of pari-mutuel racing, chief of security, medical officer, inspector of pari-mutuels, and stewards employed or approved by the commission or persons who fulfill those duties under contract, within 60 days of accepting or assuming duties.

Sec. 3. Minnesota Statutes 1988, section 10A.09, subdivision 2, is amended to read:

Subd. 2. [NOTIFICATION.] The secretary of state or the appropriate county auditor, upon receiving an affidavit of candidacy or petition to appear on the ballot from an individual required by this section to file a statement of economic interest, and any official who nominates or employs a public or local official required by this section to file a statement of economic interest, shall notify the board of the name of the individual required to file a statement and the date of the affidavit, petition, or nomination.

Sec. 4. Minnesota Statutes 1988, section 10A.09, is amended by adding a subdivision to read:

*Subd. 6a. [LOCAL OFFICIALS.] A local official required to file a statement under this section shall file it with the governing body of the official's political subdivision. The governing body shall maintain statements filed with it under this subdivision as public data.*

Sec. 5. Minnesota Statutes 1988, section 383B.053, subdivision 1, is amended to read:

Subdivision 1. [OFFICIALS REQUIRED TO FILE; DEADLINES.] Every candidate for county office, every elected official of Hennepin county, every candidate for office and every elected official of a home rule charter city or statutory city located wholly within Hennepin county and having a population of 75,000 or more, and every candidate for school board and every elected official in special school district No. 1, Minneapolis shall file statements of economic interest as required by this section with the filing officer. A candidate shall file an original statement within 14 days of the filing of an affidavit or petition to appear on the ballot. All elected officials of Hennepin county and of a home rule charter city or statutory city located wholly in Hennepin county and having a population of 75,000 or more who are in office on March 19, 1980, shall file an original statement of economic interest 60 days after forms for disclosure are provided to the filing officer. Every individual required to file a statement shall file a supplementary statement on April 15 of each year in which the individual remains a candidate or elected official. *An official required to file a statement of economic interest under section 10A.09 is not required to comply with this section.*

Sec. 6. [APPROPRIATION.]

*\$20,000 is appropriated from the general fund to the ethical practices board for the purposes of this act. This appropriation is for fiscal year 1991.*

Sec. 7. [EFFECTIVE DATE.]

*Article 2 is effective January 1, 1991.*

### ARTICLE 3

#### STATE CAMPAIGN REFORM

Section 1. Minnesota Statutes 1988, section 10A.01, subdivision 7, is amended to read:

Subd. 7. "Contribution" means a transfer of funds or a donation in kind.

Contribution includes any loan or advance of credit to a political committee, political fund, or principal campaign committee, which loan or advance of credit is (a) forgiven, or (b) paid by an ~~entity~~ individual or an association other than the political committee, political fund, or principal

campaign committee to which the loan or advance of credit is made. If an advance of credit or a loan is forgiven or paid as provided in this subdivision, it is a contribution in the year in which the loan or advance of credit is made.

A contribution made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Contribution does not include services provided without compensation by an individual volunteering personal time on behalf of a candidate, ballot question, political committee or political fund, or the publishing or broadcasting of news items or editorial comments by the news media.

Sec. 2. Minnesota Statutes 1988, section 10A.01, subdivision 10b, is amended to read:

Subd. 10b. "Independent expenditure" means an expenditure expressly advocating the election or defeat of a clearly identified candidate, which expenditure is made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent. An independent expenditure is not a contribution *to that candidate*.

Sec. 3. Minnesota Statutes 1988, section 10A.01, subdivision 10c, is amended to read:

Subd. 10c. "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, by a political committee, political fund, or principal campaign committee for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question.

Noncampaign disbursement includes:

- (a) Payment for accounting and legal services;
- (b) Return of a contribution to the source;
- (c) Repayment of a loan made to the political committee, political fund, or principal campaign committee by that committee or fund;
- (d) Return of money from the state elections campaign fund;
- (e) Payment for food ~~and~~, beverages ~~consumed at~~, *entertainment, and facility rental for a fundraising event*;
- (f) Services for a constituent by a member of the legislature or a constitutional officer in the executive branch, performed from the beginning of the term of office to 60 days after adjournment sine die of the legislature in the election year for the office held; and

(g) A donation in kind given to the political committee, political fund, or principal campaign committee for purposes listed in clauses (e) and (f). The board shall determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

Sec. 4. [10A.065] [CONTRIBUTIONS AND SOLICITATIONS DURING LEGISLATIVE SESSION.]

*Subdivision 1. [REGISTERED LOBBYIST CONTRIBUTIONS; LEGISLATIVE SESSION.] A candidate for the legislature, a candidate's principal campaign committee, any other political committee with the candidate's*

*name or title, or any committee authorized by the candidate, shall not solicit or accept a contribution on behalf of the candidate's principal campaign committee, any other political committee with the candidate's name or title, or any committee authorized by the candidate, from a registered lobbyist, political committee, or political fund during a regular session of the legislature.*

*Subd. 2. [DEFINITION.] For purposes of this section, "regular session" does not include a special session or the interim between the two annual sessions of a biennium.*

*Subd. 3. [CIVIL PENALTY.] A candidate or political committee that violates this section is subject to a civil fine of up to \$500. If the 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 a candidate or a candidate's principal campaign committee in a legislative special election during the period beginning when the person becomes a candidate in the special election and ending on the day of the special election.*

*Subd. 5. [POLITICAL COMMITTEE.] This section does not apply to a political committee established by a state political party; by the party organization within a congressional district, county, legislative district, municipality, or precinct; by all or part of the party organization within each house of the legislature, except for individual members; by a candidate for an office other than the legislature; or to a member of such a political committee acting solely on behalf of the committee.*

Sec. 5. Minnesota Statutes 1988, section 10A.20, subdivision 3, is amended to read:

Subd. 3. Each report under this section shall disclose:

(a) The amount of liquid assets on hand at the beginning of the reporting period;

(b) The name, address and employer, or occupation if self-employed, of each individual, political committee or political fund who within the year has made one or more transfers or donations in kind to the political committee or political fund, including the purchase of tickets for all fund raising efforts, which in aggregate exceed \$100 for legislative or statewide candidates or ballot questions, together with the amount and date of each transfer or donation in kind, and the aggregate amount of transfers and donations in kind within the year from each source so disclosed. A donation in kind shall be disclosed at its fair market value. An approved expenditure is listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors shall be listed in alphabetical order;

(c) The sum of contributions to the political committee or political fund during the reporting period;

(d) Each loan made or received by the political committee or political fund within the year in aggregate in excess of \$100, continuously reported

until repaid or forgiven, together with the name, address, occupation and the principal place of business, if any, of the lender and any endorser and the date and amount of the loan. If any loan made to the principal campaign committee of a candidate is forgiven at any time or repaid by any entity other than that principal campaign committee, it shall be reported as a contribution for the year in which the loan was made;

(e) Each receipt in excess of \$100 not otherwise listed under clauses (b) to (d);

(f) The sum of all receipts of the political committee or political fund during the reporting period;

(g) The name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the political committee or political fund within the year in excess of \$100, together with the amount, date and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, identification of the ballot question which the expenditure is intended to promote or defeat, and in the case of independent expenditures made in opposition to a candidate, the name, address and office sought for each such candidate;

(h) The sum of all expenditures made by or on behalf of the political committee or political fund during the reporting period;

(i) The amount and nature of any advance of credit incurred by the political committee or political fund, continuously reported until paid or forgiven. If any advance of credit incurred by the principal campaign committee of a candidate is forgiven at any time by the creditor or paid by any entity other than that principal campaign committee, it shall be reported as a donation in kind for the year in which the advance of credit was incurred;

(j) The name and address of each political committee, political fund, or principal campaign committee to which aggregate transfers in excess of \$100 have been made within the year, together with the amount and date of each transfer;

(k) The sum of all transfers made by the political committee, political fund, or principal campaign committee during the reporting period;

~~(l) For principal campaign committees only, the sum of noncampaign disbursements made in each category listed in section 10A.01, subdivision 10e, during the reporting period; and~~

~~(m) The sum of all noncampaign disbursements made by the political committee, political fund, or principal campaign committee during the reporting period.~~

*(l) Except for contributions to a candidate or committee for a candidate for office in a municipality as defined in section 471.345, subdivision 1, the name and address of each individual or association to whom aggregate noncampaign disbursements in excess of \$100 have been made within the year by or on behalf of a principal campaign committee, political committee, or political fund, together with the amount, date, and purpose of each noncampaign disbursement.*

Sec. 6. Minnesota Statutes 1988, section 10A.20, subdivision 5, is amended to read:



Subd. 5. In any statewide election any contribution or contributions from any one source totaling \$2,000 or more, or in any legislative election totaling more than \$400, received between the last day covered in the last report prior to an election and the election shall be reported to the board in one of the following ways:

- (1) in person within 48 hours after its receipt;
- (2) by telegram or mailgram within 48 hours after its receipt; or
- (3) by certified mail sent within 48 hours after its receipt.

These contributions must also be reported in the next required report.

*The 48-hour notice requirement does not apply with respect to a primary if the statewide or legislative candidate is unopposed in that primary.*

Sec. 7. Minnesota Statutes 1988, section 10A.20, is amended by adding a subdivision to read:

*Subd. 13. [THIRD PARTY REIMBURSEMENT.] An individual, political committee, or political fund filing a report disclosing an expenditure or noncampaign disbursement that must be reported and itemized under subdivision 3, paragraph (g) or (l), that is a reimbursement to a third party is required to report the purpose of each expenditure or disbursement for which the third party is being reimbursed. An expenditure or disbursement is a reimbursement to a third party if it is for goods or services that were not directly provided by the individual or association to whom the expenditure or disbursement is made. Third party reimbursements include payments to credit card companies and reimbursement of individuals for expenses they have incurred.*

Sec. 8. Minnesota Statutes 1988, section 10A.22, subdivision 7, is amended to read:

Subd. 7. [STATEMENT REQUIRED; PENALTY.] (a) The treasurer of a political committee or political fund shall not accept a contribution of more than \$100 from a ~~political committee or political fund~~ *an association* not registered in this state unless the contribution is accompanied by a written statement which meets the disclosure *and reporting period* requirements imposed by section 10A.20. This statement shall be certified as true and correct by an officer of the contributing ~~political committee or political fund~~ *association*. The political committee or political fund which accepts the contribution shall include a copy of the statement with the report which discloses the contribution to the board. The provisions of this subdivision shall not apply when a national political party transfers money to its affiliate in this state.

*(b) An unregistered association may provide the written statement required by this subdivision to no more than three political committees or political funds in any calendar year. Each statement must cover at least the 30 days immediately preceding and including the date on which the contribution was made. An unregistered association or an officer of it is subject to a civil penalty up to \$1,000 if the association or its officer:*

*(1) fails to provide a written statement as required by this subdivision;*  
*or*

*(2) fails to register after giving the written statement required by this subdivision to more than three political committees or political funds in any calendar year.*

*An officer of an association who violates this paragraph is guilty of a misdemeanor.*

Sec. 9. Minnesota Statutes 1988, section 10A.24, is amended to read:  
10A.24 [DISSOLUTION OR TERMINATION.]

*Subdivision 1. [TERMINATION REPORT.] No political committee or political fund shall dissolve until it has settled all of its debts and disposed of all its assets in excess of \$100 and filed a termination report. The termination report may be made at any time and shall include all information required in periodic reports.*

*Subd. 2. [TERMINATION ALLOWED.] Notwithstanding subdivision 1, after mailing notice to any remaining creditors by certified mail, a political committee or political fund that has debts incurred more than six years previously, has disposed of all its assets, and has met the requirements of section 10A.20, subdivision 7, may file a termination report.*

Sec. 10. [10A.242] [DISSOLUTION OF INACTIVE COMMITTEES AND FUNDS.]

*Subdivision 1. [DISSOLUTION REQUIRED.] (a) A political committee or political fund must be dissolved within 60 days after receiving notice from the board that the committee has become inactive. The assets of the committee or fund must be spent for the purposes authorized by section 211B.12 and other applicable law or liquidated and deposited in the general account of the state elections campaign fund within 60 days after the board notifies the committee or fund that it has become inactive.*

*Subd. 2. [INACTIVITY DEFINED.] (a) A principal campaign committee becomes inactive on the later of the following dates:*

*(1) when six years have elapsed since the last election in which the person was a candidate for the office sought or held at the time the principal campaign committee registered with the board; or*

*(2) when six years have elapsed since the last day on which the individual for whom it exists served in an elective office subject to this chapter.*

*(b) A committee or fund other than a principal campaign committee becomes inactive when two years have elapsed since the end of a reporting period during which the committee or fund made an expenditure or disbursement requiring disclosure under this chapter.*

*Subd. 3. [REMAINING DEBTS.] If a committee or fund becomes inactive when it still has unpaid debts, the committee or fund shall liquidate available assets to pay the debts. If insufficient assets exist to pay the debts, the board may set up a payment schedule and allow the committee or fund to defer dissolution until all debts are paid. This section does not extinguish debts incurred by the committee or fund.*

Sec. 11. Minnesota Statutes 1988, section 10A.25, subdivision 2, is amended to read:

*Subd. 2. In a year in which an election is held for an office sought by a candidate, no expenditures shall be made by the principal campaign committee of that candidate, nor any approved expenditures made on behalf of that candidate which expenditures and approved expenditures result in an aggregate amount in excess of the following:*

*(a) For governor and lieutenant governor, running together, \$600,000*

\$1,626,691;

(b) For attorney general, ~~\$100,000~~ \$271,116;

(c) For secretary of state, state treasurer, and state auditor, separately, ~~\$50,000~~ \$135,559;

(d) For state senator, ~~\$15,000~~ \$40,669;

(e) For state representative, ~~\$7,500~~ \$20,335.

Sec. 12. Minnesota Statutes 1988, section 10A.25, is amended by adding a subdivision to read:

*Subd. 2a. [AGGREGATED EXPENDITURES.] If a candidate makes expenditures from more than one principal campaign committee for nomination or election to statewide office in the same election year, the amount of expenditures from all of the candidate's principal campaign committees for statewide office for that election year must be aggregated for purposes of the application of the limits on campaign expenditures under subdivision 2, clauses (a) to (c).*

Sec. 13. Minnesota Statutes 1988, section 10A.25, subdivision 5, is amended to read:

*Subd. 5. Notwithstanding the limits imposed by subdivision 2, the winning candidate in a contested race in a primary who receives less than twice as many votes as any one of the candidate's opponents in that primary may make aggregate expenditures and approved expenditures equal to 120 percent of the applicable amount as set forth in subdivision 2, as adjusted by section 10A.255.*

Sec. 14. Minnesota Statutes 1988, section 10A.25, subdivision 6, is amended to read:

*Subd. 6. In any year following an election year for the office held or sought, the aggregate amount of expenditures by and approved expenditures on behalf of a candidate for or holder of that office shall not exceed 20 percent one-fourth of the expenditure limit set forth in subdivision 2.*

Sec. 15. Minnesota Statutes 1988, section 10A.25, subdivision 10, is amended to read:

*Subd. 10. The expenditure limits imposed by this section apply only to candidates whose major political party 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 an allocation of money from the state elections campaign fund.*

*A candidate of a major political party who agrees to be bound by the limits and receives a public subsidy, who has an opponent who: (1) is a candidate of a major political party; and (2) 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, including those in section 26, subdivision 1, paragraph (c), but is still eligible to receive a public subsidy.*

Sec. 16. Minnesota Statutes 1988, section 10A.255, is amended by adding a subdivision to read:

*Subd. 3. [PUBLICATION OF EXPENDITURE LIMIT.] By June 15 of each year the board shall publish in the State Register the expenditure limit for each office for that calendar year under section 10A.25 as adjusted*

by this section.

Sec. 17. Minnesota Statutes 1988, section 10A.27, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivisions 2 and 6, no candidate shall permit the candidate's principal campaign committee to accept contributions from any individual, political committee, or political fund in excess of the following:

(a) To candidates for governor and lieutenant governor running together, \$60,000 in an election year for the office sought and \$12,000 in other years;

(b) To a candidate for attorney general, \$10,000 in an election year for the office sought and \$2,000 in other years;

(c) To a candidate for the office of secretary of state, state treasurer or state auditor, \$5,000 in an election year for the office sought and \$1,000 in other years;

(d) To a candidate for state senator, \$1,500 in an election year for the office sought and ~~\$300~~ *one-third of that amount* in other years; and

(e) To a candidate for state representative, \$750 in an election year for the office sought and ~~\$150~~ *one-third of that amount* in the other year.

Sec. 18. Minnesota Statutes 1988, section 10A.27, is amended by adding a subdivision to read:

*Subd. 9. A candidate's principal campaign committee shall not accept in any calendar year aggregate contributions in an amount greater than the maximum amount allowed under subdivision 1 from another candidate's principal campaign committee or any other committee bearing the contributing candidate's name or title or otherwise authorized by the contributing candidate.*

Sec. 19. Minnesota Statutes 1988, section 10A.275, is amended to read:

10A.275 [MULTICANDIDATE POLITICAL PARTY EXPENDITURES.]

*Subdivision 1. [EXCEPTIONS.] Notwithstanding any other provisions of this chapter, the following expenditures by a state political party ~~or~~, a ~~substate party~~ unit of a state political party as described in section 10A.27, ~~subdivision 4~~, or two or more party units acting together, with at least one party unit being either: the state party organization or the party organization within a congressional district, county, or legislative district, shall not be considered contributions to or expenditures on behalf of any candidate for the purposes of section 10A.25 or 10A.27, and shall not be allocated to any candidates pursuant to section 10A.22, subdivision 5:*

(a) expenditures on behalf of candidates of that party generally without referring to any of them specifically in any advertisement published, posted or broadcast;

(b) expenditures for the preparation, display, mailing or other distribution of an official party sample ballot listing the names of three or more individuals whose names are to appear on the ballot;

(c) expenditures for any telephone conversation including the names of three or more individuals whose names are to appear on the ballot; ~~or~~

(d) expenditures for any political party fundraising effort on behalf of

three or more candidates-; or

*(e) expenditures for party committee staff member services that benefit three or more candidates.*

*Subd. 2. [APPLICATION.] This section applies to a political committee of a political party as defined in section 10A.27, subdivision 4.*

*Subd. 3. [PARTY UNIT.] For purposes of this section, "party unit" means the party organization within each house of the legislature; the state party organization; or the party organization within a congressional district, county, legislative district, municipality, or precinct.*

Sec. 20. Minnesota Statutes 1988, section 10A.28, subdivision 1, is amended to read:

**Subdivision 1. [CANDIDATE EXCEEDING EXPENDITURE LIMITS.]** A candidate subject to the expenditure limits of in section 10A.25 who permits the candidate's principal campaign committee to make expenditures or permits approved expenditures to be made on the candidate's behalf in excess of the limits imposed by section 10A.25 ~~shall be~~, as adjusted by section 10A.255, is subject to a civil fine up to four times the amount which the expenditures exceeded the limit.

Sec. 21. Minnesota Statutes 1988, section 10A.30, subdivision 2, is amended to read:

**Subd. 2.** Within the state elections campaign fund account there shall be maintained a separate *political party* account for the candidates of each political party and a general account.

**Sec. 22. [10A.315] [SPECIAL ELECTION SUBSIDY.]**

*(a) Each eligible candidate for a legislative office in a special election must be paid a public subsidy equal to the sum of:*

*(1) the party account money at the last general election for the candidate's party for the office the candidate is seeking; and*

*(2) the general account money paid to candidates for the same office at the last general election.*

*(b) If the filing period for the special election does not coincide with the filing period for the general election, a candidate who wishes to receive this public subsidy must submit a signed agreement under section 24 to the board not later than the day after the candidate files the affidavit of candidacy or nominating petition for the office. To receive a subsidy, the candidate must meet the matching requirements of section 25, except that the dates in that section do not apply to a special election in which the filing period does not coincide with the filing period for the general election. To the extent feasible, the special election subsidy must be distributed in the same manner as money in the party and general accounts is distributed to legislative candidates in a general election.*

*(c) The amount necessary to make the payments required by this subdivision is appropriated from the general fund to the state treasurer.*

**Sec. 23. [10A.321] [ESTIMATES OF MINIMUM AMOUNTS TO BE RECEIVED.]**

**Subdivision 1. [CALCULATION AND CERTIFICATION OF ESTIMATES.]** *The commissioner of revenue shall calculate and certify to the*

board before July 1 in an election year an estimate of the total amount in the state general account of the state elections campaign fund and the amount of money each candidate who qualifies, as provided in section 10A.31, subdivisions 6 and 7, may receive from the candidate's party account in the state elections campaign fund. This estimate must be based upon the allocations and formulas in section 10A.31, subdivision 5, any necessary vote totals provided by the secretary of state to apply the formulas in section 10A.31, subdivision 5, and the amount of money expected to be available after 100 percent of the tax returns have been processed.

**Subd. 2. [PUBLICATION, CERTIFICATION, AND NOTIFICATION PROCEDURES.]** Before the first day of filing for office, the board shall publish and forward to all filing officers the estimates calculated and certified under subdivision 1 along with a copy of section 10A.25, subdivision 10. Within seven days after the last day for filing for office, the secretary of state shall certify to the board the name, address, office sought, and party affiliation of each candidate who has filed with that office an affidavit of candidacy or petition to appear on the ballot. The auditor of each county shall certify to the board the same information for each candidate who has filed with that county an affidavit of candidacy or petition to appear on the ballot. Within seven days afterward, the board shall estimate the minimum amount to be received by each candidate who qualifies, as provided in section 10A.31, subdivisions 6 and 7. By August 15 the board shall notify all candidates of their minimum amount. The board shall include with the notice a form for the agreement provided in section 24 along with a copy of section 10A.25, subdivision 10.

**Sec. 24. [10A.322] [PUBLIC SUBSIDY AGREEMENTS.]**

**Subdivision 1. [AGREEMENT BY CANDIDATE.]** As a condition of receiving a public subsidy from the state elections campaign fund, a candidate shall sign and file with the board a written agreement in which the candidate agrees that the candidate will comply with sections 10A.25 and section 26. Before the first day of filing for office, the board shall forward agreement forms to all filing officers. The candidate may sign an agreement and submit it to the filing officer on the day of filing an affidavit of candidacy or petition to appear on the ballot, in which case the filing officer shall without delay forward signed agreements to the board. Alternatively, the candidate may submit the agreement directly to the board by the following September 1. An agreement may not be rescinded after that date. The board shall forward a copy of any agreement signed under this subdivision to the commissioner of revenue.

**Subd. 2. [HOW LONG AGREEMENT IS EFFECTIVE.]** The agreement, insofar as it relates to the expenditure limits in section 10A.25, as adjusted by section 10A.255, remains effective for candidates until the dissolution of the principal campaign committee of the candidate or the day filings open for the next succeeding election to the office held or sought at the time of the agreement, whichever occurs first.

**Subd. 3. [ESTIMATE: ACTUAL AMOUNT.]** For the purposes of subdivisions 1 to 3 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 section 23, subdivision 1, plus the total amount estimated as provided in section 23, subdivision 1, 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 must not be considered violated.

*Subd. 4. [CREDIT RECEIPT FORMS; PENALTY.] The board shall make available to a political party on request and to any candidate for whom an agreement under this section is effective, a supply of official credit receipt forms that state in boldface type that (1) a contributor who is given a receipt form is eligible to claim a credit as provided in section 290.06, subdivision 23, and (2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in section 24. The forms must provide duplicate copies of the receipt to be attached to the contributor's claim. A candidate who does not sign an agreement under this section and who willfully issues an official credit receipt form or a facsimile of one to any of the candidate's contributors is guilty of a misdemeanor.*

**Sec. 25. [10A.323] [MATCHING REQUIREMENTS.]**

*In addition to the requirements of section 24, to be eligible to receive a public subsidy from the state elections campaign fund a candidate shall file an affidavit with the board stating that during that calendar year the candidate has accumulated contributions, including unexpended balances from the year before, equal to 20 percent or more of the minimum amount that the board estimates, on August 15 of the general election year, would be received by the candidate from the state elections campaign fund. The candidate or the candidate's treasurer shall submit the affidavit required by this subdivision to the board in writing by October 1 of the general election year.*

**Sec. 26. [10A.324] [RETURN OF PUBLIC SUBSIDY.]**

*Subdivision 1. [WHEN RETURN REQUIRED.] A candidate shall return all or a portion of the public subsidy received from the state elections campaign fund under the circumstances in paragraph (a), (b), or (c).*

*(a) To the extent that the amount of public subsidy received by the candidate exceeds the expenditure limits for the office held or sought, as provided in section 10A.25 and as adjusted by section 10A.255, the treasurer of the candidate's principal campaign committee shall return the excess to the board.*

*(b) To the extent that the amount of public subsidy received exceeds the aggregate of: (1) actual expenditures made by the principal campaign committee of the candidate; and (2) approved expenditures made on behalf of the candidate, the treasurer of the candidate's principal campaign committee shall return an amount equal to the difference to the board.*

*(c) 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 exceed the difference between: (1) the amount which legally may be expended by or for the candidate; and (2) the amount the candidate receives from the state elections campaign fund must be returned to the state treasurer, deposited in the state treasury, and credited to the general fund.*

*Subd. 2. [CALCULATION.] 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 must be considered contributions accepted by that candidate in that year for the purposes of this subdivision. The portion of contributions accepted by a candidate in an election year that equals the amount of noncampaign disbursements and contributions and expenditures to promote or defeat a ballot question that are made by that candidate in that year does not count toward the aggregate contributions and approved expenditure limit imposed by this section.*

*Subd. 3. [HOW RETURN DETERMINED.] Whether or not a candidate is required under subdivision 1 to return all or a portion of the public subsidy received from the state elections campaign fund must be determined from the report required to be filed with the board by that candidate by January 31 of the year following an election. For purposes of this section, a transfer from one principal campaign committee to another principal campaign committee is considered to be a noncampaign disbursement. Any amount required to be returned must be submitted in the form of a check or money order and must accompany the report filed with the board. The board shall forward the check or money order to the state treasurer for deposit in the general fund. The amount returned must not exceed the amount of public subsidy received by the candidate from the state elections campaign fund.*

*Subd. 4. [RETURN NOT REQUIRED.] A candidate whose campaign spending is unlimited under conditions imposed by section 10A.25, subdivision 10, and who certifies that the candidate made campaign expenditures equal to the full amount of the public financing received is not required to return any portion of the money received from the state elections campaign fund under the aggregate contribution limit provisions of this section.*

**Sec. 27. [10A.325] [POLITICAL PARTY NOT HAVING CERTAIN CANDIDATES.]**

*If money has been accumulated in the state elections campaign fund for the candidates of a political party, and the party does not have a candidate in a general election for the office of state senator or state representative, the party account money allocated for the office for which there is no candidate must be returned to the general fund of the state. If that party does not have a candidate in a general election for any state constitutional office, the party account money allocated for that office must be transferred to the state general account of the state elections campaign fund for reallocation to all of the candidate offices as provided in section 10A.31, subdivision 5, and for distribution in that election year to candidates as provided in section 10A.31, subdivision 7.*

**Sec. 28. Minnesota Statutes 1988, section 290.06, is amended by adding a subdivision to read:**

**Subd. 23. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.]** *(a) A taxpayer may claim a credit equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to any political party. The maximum credit for an individual must not exceed \$50 and, for a married couple filing jointly, must not exceed \$100. A credit for a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official credit receipt form issued by the candidate or party. A claim must be filed with the commissioner not sooner than September 1 of the calendar year in which the contribution is made and no later than April 15 of the calendar*



year following the calendar year in which the contribution is made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution is made must include interest at the rate specified in section 270.76.

(b) No credit is allowed under this subdivision for a contribution to any candidate who has not signed an agreement to limit campaign expenditures as provided in section 24, or article 4, section 4, and for whom voluntary spending limits are specified in section 10A.25 or article 4, section 4. This subdivision does not limit the campaign expenditure of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a credit.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a. A "major or minor party" includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts. "Candidate" means a candidate as defined in section 10A.01, subdivision 5, but does not include a candidate for judicial office. Beginning January 1, 1991, "candidate" also means a candidate for the United States Senate or United States House of Representatives from Minnesota.

(d) The commissioner shall include a copy of the credit form with the instructions for the long and short individual taxation forms. The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a credit, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The amount necessary to pay claims for the credit provided in this section is appropriated from the general fund to the commissioner of revenue.

#### Sec. 29. [TRANSITIONAL PROVISION FOR INACTIVE POLITICAL COMMITTEES AND FUNDS.]

Subdivision 1. [NOTICE.] Within 30 days after the effective date of section 10, the ethical practices board shall send a notice to all political committees and funds informing them of the new requirements concerning inactive committees and funds, along with a copy of section 10.

Subd. 2. [EXISTING INACTIVE COMMITTEES AND FUNDS.] A political committee or fund that is inactive under the criteria set forth in section 10, subdivision 3, on the effective date of that section, shall dissolve by December 31, 1990, unless the board defers dissolution under section 10, subdivision 3.

#### Sec. 30. [SEVERABILITY.]

If a provision of this article is found to be unconstitutional and void, the remaining provisions of this article remain valid.

#### Sec. 31. [APPROPRIATION.]

*The sum of \$150,000 is appropriated from the general fund to the commissioner of revenue for fiscal years 1990 and 1991 for the administration of the credit in section 28.*

Sec. 32. [REPEALER.]

*Minnesota Statutes 1988, sections 10A.32, subdivisions 1, 2, 3, and 4; and 10A.33; and Minnesota Statutes 1989 Supplement, section 10A.32, subdivision 3a, are repealed.*

Sec. 33. [EFFECTIVE DATE.]

*Sections 1 to 4, 6 to 17, 19 to 27, 29, 30, and 32 are effective the day following final enactment. Sections 5 and 18 are effective January 1, 1991. Section 28 is effective for taxable years beginning after December 31, 1989, for contributions to candidates as defined in section 10A.01, subdivision 5, excluding candidates for judicial office. Section 28 is effective for taxable years beginning after December 31, 1990, for contributions to candidates for the United States House of Representatives and United States Senate.*

## ARTICLE 4

### CONGRESSIONAL CAMPAIGN REFORM

Section 1. [10A.40] [LEGISLATIVE FINDINGS OF FACT; LEGISLATIVE INTENT.]

*Subdivision 1. [CAMPAIGN FINANCING; FINDINGS OF FACT.] The legislature finds that:*

*(1) the spending on campaigns for congressional office has increased to a disgraceful level and continues to rise;*

*(2) the need to raise campaign contributions has caused Minnesota congressional candidates to aggressively solicit contributions from special interest groups and out-of-state sources, which diverts them from meeting Minnesota voters and publicly debating the pressing issues of the day;*

*(3) the current practice of congressional campaign contributions and spending, along with ethical scandals in Washington, D.C., have created a public perception of political corruption and undue influence by wealthy special interests;*

*(4) the United States Congress has debated necessary reforms for years but has failed to act, and the Federal Elections Campaign Act does not provide a means to encourage congressional candidates to voluntarily limit the amount of money they spend in campaigns; and*

*(5) as a consequence, Minnesota's representation in Congress is jeopardized and the public's confidence in our elected congressional representatives is weakened.*

*Subd. 2. [PURPOSE.] (a) In order to redress the problems described in subdivision 1, it is necessary to encourage congressional candidates to voluntarily limit the amount of money they spend on campaigns. A further purpose is to achieve the same successful results in congressional campaigns that have made Minnesota's state campaign spending system a model for the nation in the 15 years since its adoption.*

*(b) This article is intended to address the problems described in subdivision 1 as follows:*

(1) by establishing voluntary limitations on campaign spending, candidates are discouraged from escalating campaign spending through the current means of financing campaigns, and campaign spending will likely be curtailed;

(2) by providing an alternate source of financing, congressional candidates will be less susceptible to political corruption and less dependent on special interests, which will enhance the public's confidence in their congressional representatives;

(3) by allowing candidates to focus on public issues rather than fundraising, the public will be better served in its representation and its opportunity to select the better candidate;

(4) by reducing the influence of special interest groups and out-of-state contributions, the integrity of the process and the confidence of the public in their public servants will be enhanced; and

(5) as a consequence, Minnesota will build on the success of its system of voluntary expenditure limits.

*Subd. 3. [LEGISLATIVE INTENT.] In enacting sections 1 to 12, the legislature intends to provide a system to encourage voluntary campaign expenditure limits that, in concert with the existing federal law and rules, will provide a comprehensive system of campaign and election regulation. The legislature does not intend to enact legislation that is in conflict with existing federal law, and does not intend to regulate where specific federal laws have already been enacted.*

Sec. 2. [10A.41] [DEFINITIONS.]

*Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 1 to 12. Where consistent with federal law, the definitions in section 10A.01 also apply to sections 1 to 12.*

*Subd. 2. [AUTHORIZED COMMITTEE.] "Authorized committee" means the principal campaign committee or another political committee designated and authorized by a congressional candidate under United States Code, title 2, section 432, subsection (e)(1), to receive contributions or make expenditures on behalf of that congressional candidate.*

*Subd. 3. [CAMPAIGN EXPENDITURE; EXPENDITURE.] "Campaign expenditure" or "expenditure" means "expenditure" as that term is defined under United States Code, title 2, section 431, paragraph (9).*

*Subd. 4. [CONGRESSIONAL CANDIDATE.] "Congressional candidate" means an individual who seeks nomination or election to the United States Senate or United States House of Representatives from this state and who is a "candidate" as that term is defined under United States Code, title 2, section 431, paragraph (2). A congressional candidate is not a "candidate" as defined in section 10A.01, subdivision 5.*

*Subd. 5. [CONTRIBUTION.] "Contribution" means a "contribution" as that term is defined under United States Code, title 2, section 431, paragraph (8).*

*Subd. 6. [INDEPENDENT CANDIDATE.] "Independent candidate means a congressional candidate who is not the candidate of a major political party, minor political party, or new political party.*

*Subd. 7. [MINOR POLITICAL PARTY.] "Minor political party" means*

any political party under whose name in the last state general election a candidate filed for statewide or congressional office and received less than five percent but more than three percent of the vote for that office.

Subd. 8. [NEW POLITICAL PARTY.] "New political party" means a political party that is neither a major political party nor a minor political party.

Subd. 9. [POLITICAL COMMITTEE.] "Political committee" means a "political committee" as that term is defined under United States Code, title 2, section 431, paragraph (4). "Political committee" includes a major political party, a minor political party, a principal campaign committee, and an authorized committee.

Subd. 10. [PRINCIPAL CAMPAIGN COMMITTEE.] "Principal campaign committee" means a political committee designated and authorized by a congressional candidate under United States Code, title 2, section 432, subsection (e)(1).

### Sec. 3. [10A.42] [LIMITATION ON APPLICATION.]

The provisions of sections 10A.11 to 10A.24 relating to the organization, registration, and administration of and reporting and disclosure by political funds and political committees, including principal campaign committees, do not apply to congressional candidates and authorized committees of congressional candidates. The organization, registration, and administration of and reporting and disclosure by authorized committees of congressional candidates are governed by United States Code, title 2, chapter 14.

### Sec. 4. [10A.43] [EXPENDITURE LIMIT AGREEMENT.]

Subdivision 1. [FINANCIAL INCENTIVE.] (a) The state treasurer shall pay a financial incentive to each congressional candidate of a major political party or minor political party whose name will appear on the ballot in a general or special election, who has signed an agreement to limit campaign expenditures as provided in this section, and who is abiding by the agreement. In the case of an independent or new political party candidate, the congressional candidate must in addition receive more than three percent of the vote cast at the general election for the office sought. An incentive is not payable to a congressional candidate whose name appears only on the ballot in a primary election, but an incentive paid to a candidate in a general or special election may be used to pay expenses or retire debt incurred in the primary campaign.

(b) The amount of the incentive is up to 25 percent of the expenditure limit for a congressional candidate for the office of United States senator and up to 25 percent of the expenditure limit for a congressional candidate for the office of representative in Congress.

Subd. 2. [AGREEMENT.] As a condition of receiving an incentive, a congressional candidate shall sign and file with the board an agreement that the aggregate of expenditures made by the authorized committees of the congressional candidate will not exceed the expenditure limits in section 5. The expenditure limits apply only to congressional candidates who have agreed to be bound by the limits as a condition of receiving an incentive for their campaigns.

Subd. 3. [SUBMISSION OF AGREEMENT.] Before the first day of filing for office, the board shall forward agreement forms to all filing officers.

*The congressional candidate may sign an agreement and submit it to the filing officer on the day of filing an affidavit of candidacy or petition to appear on the ballot, in which case the filing officer shall without delay forward signed agreements to the board. Alternatively, for a general election the congressional candidate may submit the agreement directly to the board by September 1 preceding the general election. An agreement may not be rescinded after that date. The board shall forward a copy of any agreement signed under this subdivision to the commissioner of revenue.*

*Subd. 4. [HOW LONG AGREEMENT IS EFFECTIVE.] The agreement, insofar as it relates to the expenditure limits in section 5, remains effective for congressional candidates until the termination of the authorized committees of the congressional candidate, as provided under United States Code, title 2, section 433(d), or the day filings open for the next succeeding election to the office held or sought at the time of agreement, whichever occurs first.*

*Subd. 5. [CREDIT RECEIPT FORMS; PENALTY.] The board shall make available to a political party on request and to any congressional candidate signing an agreement under this section a supply of official credit receipt forms that state in boldface type that (1) a contributor who is given a receipt form is eligible to claim a credit as provided in section 290.06, subdivision 23, and (2) if the contribution is to a congressional candidate, that candidate has signed an agreement to limit campaign expenditures as provided in this section. A congressional candidate who does not sign an agreement under this section and who willfully issues an official credit receipt form or a facsimile of one to any of the candidate's contributors is guilty of a misdemeanor.*

**Sec. 5. [10A.44] [CONGRESSIONAL CAMPAIGN SPENDING LIMITS.]**

*Subdivision 1. [LIMITS.] During the calendar year in which an election is held for an office sought by a congressional candidate, no expenditures may be made by the authorized committees of that congressional candidate that result in an aggregate amount in excess of the following:*

- (1) for United States senator, \$3,400,000; and*
- (2) for representative in Congress, \$425,000.*

*A congressional candidate whose name will appear on the ballot in more than one general or special election in a year is subject to a separate spending limit for each election. For a candidate for representative in Congress in a special election, the expenditure limits apply during the ten months before and the two months after the special election.*

*Subd. 2. [ADJUSTMENT BY CONSUMER PRICE INDEX.] (a) The dollar amounts provided in subdivision 1 must be adjusted for general election years as provided in this subdivision. 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 last 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 and any special elections for which filings open before a new limit is set. 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 1982 as a base year.*

*(b) The dollar amounts in subdivision 1 must be adjusted for races in years subsequent to 1990 in the manner provided in paragraph (a), and the last general election year must be considered to be 1990 and the dollar amounts used for the last general election year for the offices of United States senator and representative in Congress must be \$3,400,000 and \$425,000 respectively.*

*(c) By June 15 of each year, the board shall publish in the State Register the expenditure limit for each office for that calendar year as adjusted under this subdivision.*

*Subd. 3. [CONTESTED PRIMARY RACES.] Notwithstanding the limits imposed by subdivisions 1 and 2, the winning congressional candidate in a contested race in a primary who receives less than twice as many votes as any one of the candidate's opponents in that primary may make aggregate expenditures equal to 120 percent of the applicable amount under subdivisions 1 and 2.*

*Subd. 4. [POSTELECTION YEAR EXPENDITURES.] In any year following an election year for the office held or sought, the aggregate amount of expenditures on behalf of a congressional candidate for or holder of that office must not exceed 20 percent of the expenditure limit in subdivisions 1 and 2.*

*Subd. 5. [LIMITATION CONDITIONAL.] (a) The expenditure limits imposed by this section apply as provided by this subdivision.*

*(b) If all the congressional candidates seeking an office agree to be bound by the limits, no candidate may receive an incentive, but all candidates are bound by the limits.*

*(c) If all major political party congressional candidates seeking an office agree to be bound by the limits, no such candidate of a major political party may receive an incentive, but all such candidates are bound by the limits.*

*(d) If a candidate of a major political party, minor political party or new political party, or an independent candidate, (i) agrees to be bound by the limits, and (ii) has an opponent who is a candidate of a major political party and who declines to be bound by the limits, the candidate who agrees to limits is eligible to receive an incentive and is not bound by the limits.*

*Subd. 6. [CERTAIN POSTELECTION COSTS.] After the election, a congressional candidate who is not a congressional incumbent and has been elected to Congress may spend an amount up to ten percent of the limits under subdivision 1 or 2 to defray transition costs. This money may be spent only for the costs of the transition that are incurred between the election and the date on which the elected candidate begins congressional service and cannot be used to retire debts remaining from the primary or general election campaign.*

**Sec. 6. [10A.45] [CONTRIBUTION AND LOAN LIMITS.]**

*Contributions by or to a congressional candidate and loans to a congressional candidate are governed by United States Code, title 2, chapter 14.*

**Sec. 7. [10A.46] [MULTICANDIDATE POLITICAL PARTY**

## EXPENDITURES.]

*Multicandidate political party expenditures with respect to congressional candidates are governed by United States Code, title 2, section 431, paragraph (9).*

## Sec. 8. [10A.47] [PENALTY FOR EXCEEDING LIMITS.]

*Subdivision 1. [EXPENDITURE LIMITS.] A congressional candidate subject to the expenditure limits in section 5 who permits the candidate's authorized committees to make aggregate expenditures on the candidate's behalf in excess of the limits imposed by section 5 is subject to a civil fine of up to four times the amount by which the expenditures exceed the limit.*

*Subd. 2. [CONTRIBUTION LIMITS.] A congressional candidate who permits the candidate's authorized committees to accept contributions in excess of the limits imposed under United States Code, title 2, chapter 14, is subject to the penalties imposed by United States Code, title 2, section 437g.*

*Subd. 3. [CONCILIATION AGREEMENTS.] If the board finds that there is reason to believe that excess expenditures have been made contrary to subdivision 1, the board shall make every effort for not less than 14 days after its finding to correct the matter by informal methods of conference and conciliation and to enter a conciliation agreement with the person involved. A conciliation agreement made under this subdivision is a matter of public record. Unless violated, a conciliation agreement bars any civil proceeding under subdivision 4.*

*Subd. 4. [CIVIL ACTION.] If the board is unable after a reasonable time to correct by informal methods any matter that constitutes probable cause to believe that excess expenditures have been made contrary to subdivision 1, the board shall make a public finding of probable cause in the matter. After making a public finding, the board shall bring an action or transmit the finding to a county attorney who shall bring an action to impose a civil fine as prescribed by the board under subdivision 1. An action filed against a congressional candidate for United States senator must be brought in the district court of Ramsey county. An action filed against a congressional candidate for representative in Congress may be brought in the district court of a county within the congressional candidate's congressional district or in the district court in Ramsey county. All money recovered under this section must be deposited in the state treasury and credited to the general fund.*

## Sec. 9. [10A.48] [MATCHING REQUIREMENTS.]

*In order to be eligible to receive a financial incentive, a congressional candidate must provide evidence to the board of contributions equal to the financial incentive. Except as otherwise provided by section 10, when a candidate submits an affidavit to the board showing contributions equal to at least one-fourth of the incentive amount, that amount will be paid to the candidate. A candidate may receive the incentive at any time during the calendar year in which the election is held, after the certification of primary results, and may receive it in quarters, or in larger portions if the candidate submits an affidavit showing that a larger amount of contributions has been made.*

## Sec. 10. [10A.49] [CERTIFICATION AND DISTRIBUTION.]

*Subdivision 1. [CERTIFICATION OF ELIGIBLE CANDIDATES.] Within*

*one week after certification by the state canvassing board of the results of the primary, the ethical practices board shall certify to the state treasurer the name of each major political party or minor political party congressional candidate who is eligible to receive a financial incentive.*

*Subd. 2. [DISTRIBUTION OF MONEY AFTER PRIMARY.] Within two weeks after certification by the state canvassing board of the results of the primary, the state treasurer shall pay an incentive to each major political party or minor political party congressional candidate who has signed an agreement as required under section 5 and is eligible to receive an incentive.*

*Subd. 3. [INDEPENDENT AND NEW PARTY CANDIDATES.] Within two weeks after certification by the state canvassing board of the results of the state general election, the state treasurer shall pay an incentive to each independent or new political party congressional candidate who has signed an agreement as required under section 5 and is eligible to receive an incentive. To be eligible to receive an incentive, an independent or new party congressional candidate must receive at least three percent of the vote cast at the general election for the office sought.*

*Subd. 4. [APPROPRIATION.] The amount necessary to pay the incentives under this section is appropriated from the general fund to the state treasurer.*

#### **Sec. 11. [10A.50] [RETURN OF FINANCIAL INCENTIVE.]**

*Subdivision 1. [WHEN REQUIRED.] A congressional candidate shall return all or a portion of the financial incentive received under the circumstances in this subdivision. To the extent that the incentive received exceeds the aggregate of actual expenditures made by the authorized committees of the congressional candidate, the treasurer of the congressional candidate's principal campaign committee shall return an amount equal to the difference to the board.*

*Subd. 2. [HOW RETURN DETERMINED.] Whether a congressional candidate is required under subdivision 1 to return all or a portion of the incentive received must be determined from the report required to be filed with the secretary of state by that congressional candidate by January 31 of the year following an election. Any amount required to be returned must be submitted in the form of a check or money order and must accompany the report filed under section 12. The secretary of state shall forward the check or money order to the state treasurer for deposit in the general fund. The amount returned must not exceed the amount of incentive received by the congressional candidate.*

#### **Sec. 12. [10A.51] [CAMPAIGN REPORTS.]**

*A congressional candidate who agrees to be bound by the expenditure limits in section 5, as a condition of receiving an incentive for the candidate's campaign, shall file with the secretary of state all reports that the candidate or the candidate's principal campaign committee treasurer acting for the candidate is required to file under United States Code, title 2, chapter 14. The secretary of state shall forward copies of the reports, within 30 days after they are received, to the board.*

#### **Sec. 13. [SEVERABILITY.]**

*If a provision of this article is found to be unconstitutional and void, the remaining provisions of this article remain valid.*



**Sec. 14. [EFFECTIVE DATE.]**

*This article is effective January 1, 1991.*

**ARTICLE 5****CONGRESSIONAL ACTION ENCOURAGED****Section 1. [NO MORE THAN 40 PERCENT FROM PACS.]**

*The Congress of the United States, acting under article I, section 4, of the Constitution, having chosen to regulate contributions to candidates for Congress, so that questions exist regarding the authority of state legislatures to regulate those contributions, is urged to enact additional regulations of contributions to congressional candidates so that a congressional candidate may receive no more than 40 percent of campaign contributions in any calendar year from political committees as defined in United States Code, title 2, section 431, paragraph (4)(A) or (B).*

**ARTICLE 6****OPEN MEETINGS OF THE LEGISLATURE****Section 1. [3.055] [OPEN MEETINGS.]**

*Subdivision 1. [MEETINGS TO BE OPEN.] Meetings of the legislature shall be open to the public, including sessions of the senate, sessions of the house of representatives, joint sessions of the senate and the house of representatives, and meetings of a standing committee, committee division, subcommittee, conference committee, or legislative commission, but not including a caucus of the members of any of those bodies from the same house and political party nor a delegation of legislators representing a geographic area or political subdivision. For purposes of this section, a meeting occurs when a quorum is present and action is taken regarding a matter within the jurisdiction of the body.*

*Subd. 2. [ENFORCEMENT.] The house of representatives and the senate shall adopt rules to implement this section. Remedies provided by rules of the house and senate are exclusive. No court or administrative agency has jurisdiction to enforce, enjoin, penalize, award damages, or otherwise act upon a violation or alleged violation of this section, to invalidate any provision of law because of a violation of this section, or to otherwise interpret this section.*

**Sec. 2. [SEVERABILITY.]**

*If a provision of this article is found to be unconstitutional and void, the remaining provisions of this article remain valid.*

**ARTICLE 7****MISCELLANEOUS PROVISIONS**

**Section 1.** Minnesota Statutes 1988, section 97A.485, is amended by adding a subdivision to read:

*Subd. 1a. [DEER LICENSE; ABSENTEE BALLOT APPLICATION.] The commissioner shall include with every license to take deer with fire-arms or by archery, sold or issued during a general election year, an application for absentee ballots and a voter registration card. The commissioner shall obtain absentee ballot application forms from the secretary of state.*

Sec. 2. Minnesota Statutes 1988, section 204B.09, subdivision 1, is amended to read:

Subdivision 1. [CANDIDATES IN STATE AND COUNTY GENERAL ELECTIONS.] Except as otherwise provided by this subdivision, affidavits of candidacy and nominating petitions for county, state and federal offices filled at the state general election shall be filed not more than 70 days nor less than 56 days before the state primary. *The affidavit may be prepared and signed at any time between 60 days before the filing period opens and the last day of the filing period.* Candidates for presidential electors may file petitions on or before the state primary day. Nominating petitions to fill vacancies in nominations shall be filed as provided in section 204B.13. No affidavit or petition shall be accepted later than 5:00 p.m. on the last day for filing. Affidavits and petitions for offices to be voted on in only one county shall be filed with the county auditor of that county. Affidavits and petitions for offices to be voted on in more than one county shall be filed with the secretary of state.

Sec. 3. [204D.165] [SAMPLE BALLOTS TO SCHOOLS.]

*Notwithstanding any contrary provisions in section 204D.09 or 204D.16, the county auditor, two weeks before the applicable primary or general election, shall provide one copy of the sample partisan primary, nonpartisan primary, canary, white, or pink ballot to a school district upon request. The school district may have the sample ballots reproduced at its expense for classroom educational purposes.*

Sec. 4. Minnesota Statutes 1988, section 383B.055, subdivision 1, is amended to read:

Subdivision 1. The state ethical practices board shall:

~~(a) Develop forms for all statements and reports required to be filed under sections 383B.041 to 383B.054 and furnish the forms to the county filing officer in Hennepin county;~~

~~(b) (1) issue and publish advisory opinions concerning the requirements of sections 383B.041 to 383B.057 upon application in writing by the county filing officer of Hennepin county or any individual or association who wishes to use the opinion to guide the applicant's own conduct; and~~

~~(c) (2) exempt any individual or association required to disclose information under sections 383B.046 to 383B.05 from any requirement of those sections in the same manner as it exempts any individual or association from disclosure requirements under chapter 10A. An individual or association exempted from the disclosure provisions of chapter 10A, shall also be exempt from the disclosure provisions of sections 383B.046 to 383B.05.~~

Sec. 5. Minnesota Statutes 1988, section 383B.055, subdivision 2, is amended to read:

Subd. 2. *The county filing officer of Hennepin county shall develop forms for all statements and reports required to be filed under sections 383B.041 to 383B.054. The filing officer shall furnish sufficient copies of the forms provided by the ethical practices board to all officers with whom candidates file affidavits or applications of candidacy and nominating petitions.*

ARTICLE 8  
JUDICIAL MERIT SELECTION

Section 1. [480B.01] [COMMISSION ON JUDICIAL SELECTION.]

*Subdivision 1. [JUDICIAL VACANCIES.] If a judge of the district court dies, resigns, retires, or is removed during the judge's term of office, or if a new district judgeship is created, the resulting vacancy must be filled by the governor as provided in this section.*

*Subd. 2. [COMMISSION ESTABLISHED; MEMBERS.] A commission on judicial selection is established. It is composed of permanent members chosen as described in paragraphs (a) to (e).*

*(a) The governor shall appoint seven at-large members to the commission who serve at the pleasure of the governor. The governor shall appoint one of these members as chair of the commission. The chair may but does not have to be an attorney. The governor may appoint attorneys to fill no more than four of the remaining six positions.*

*(b) The justices of the supreme court shall appoint two at-large members to the commission to serve four-year terms, ending on the same day the governor's term of office ends. The justices may appoint an attorney to fill no more than one of the two positions.*

*(c) The governor shall appoint two district members to the commission in each judicial district who serve at the pleasure of the governor. The governor may appoint an attorney to fill no more than one of the two positions.*

*(d) The justices of the supreme court shall appoint two district members to the commission from each judicial district to serve four-year terms, ending on the same day the governor's term of office ends. The justices may appoint an attorney to fill no more than one of the two positions.*

*(e) The appointing authorities shall ensure that the permanent members of the commission include women and minorities.*

*Subd. 3. [PARTICIPATION IN MEETINGS.] Individuals appointed as district members under subdivision 2, paragraphs (c) and (d), may participate in commission meetings and deliberations only when the commission is considering applicants to fill a vacancy on the district court in the judicial district from which those individuals were appointed.*

*Subd. 4. [VACANCIES.] If a vacancy occurs on the commission by reason of the death or resignation of a member or by the removal of a member appointed under subdivision 2, the appointing or electing authority shall appoint or elect an individual to fill the vacancy for the unexpired term.*

*Subd. 5. [QUORUM.] A quorum of the commission is seven members.*

*Subd. 6. [TEMPORARY INELIGIBILITY FOR VACANCY.] Members of the commission who would otherwise be eligible to hold judicial office may not be considered or appointed to fill a district court judicial vacancy while they are members of the commission or for one year following the end of their membership on the commission.*

*Subd. 7. [RECRUITMENT PROCESS.] The commission shall prepare and make available to the public and file with the clerk of the appellate courts and the secretary of state an outline of the process the commission will follow in recruiting and evaluating candidates to fill judicial vacancies.*

*The commission shall actively seek out and encourage qualified individuals, including women and minorities, to apply for judicial offices.*

*Subd. 8. [CANDIDATE EVALUATION.] The commission shall evaluate the extent to which candidates have the following qualifications for judicial office: integrity, maturity, health if job related, judicial temperament, diligence, legal knowledge, ability and experience, and community service. The commission shall give consideration to women and minorities. The commission shall solicit, in writing, recommendations from attorney associations in the judicial district and from organizations that represent minority or women attorneys in the judicial district who have requested solicitation.*

*Subd. 9. [COMMISSION MEETINGS; NOTICE; TIME.] Within ten days after a judicial vacancy occurs or the governor has been notified that a vacancy will occur on a named date, the governor shall give notice of the vacancy to the chair of the commission on judicial selection. A meeting of the commission to consider the candidates for the vacancy must be held not less than 21 days nor more than 42 days after the governor provides notification of the vacancy.*

*Subd. 10. [NOTICE TO THE PUBLIC.] Upon receiving notice from the governor that a judicial vacancy has occurred or will occur on a specified date, the chair shall provide notice of the following information:*

- (1) the office that is or will be vacant;*
- (2) that applications from qualified persons or on behalf of qualified persons are being accepted by the commission;*
- (3) that application forms may be obtained from the governor or the commission at a named address; and*
- (4) that application forms must be returned to the commission by a named date.*

*The notice must be made available to attorney associations in the judicial district where the vacancy has occurred or will occur and to at least one newspaper of general circulation in each county in the district.*

*Subd. 11. [NOMINEES TO GOVERNOR.] Within 60 days after the receipt of a notice of a judicial vacancy, the committee shall recommend to the governor no fewer than three and no more than five nominees for each judicial vacancy. The names of the nominees must be made public. The governor may fill the vacancy from the nominees recommended by the commission. If the governor declines to select a nominee to fill the vacancy from the list of nominees, or if no list is submitted to the governor under this subdivision, the governor may select a person to fill the vacancy without regard to the commission's recommendation. If fewer than 60 days remain in the term of office of a governor who will not succeed himself or herself in office, the governor may fill a vacancy without waiting for the commission to recommend a list of nominees.*

*Subd. 12. [COMMISSION MEETINGS AND DATA.] Meetings of the commission may be closed to discuss the candidates. The commission shall file an annual tabulation with the governor of the number of applicants for judicial office and the age, sex, and race of applicants.*

**Sec. 2. [EFFECTIVE DATE.]**

*Section 1 is effective July 1, 1990, and applies to vacancies that occur after that date."*

Delete the title and insert:

“A bill for an act relating to elections; limiting campaign expenditures by congressional candidates who choose to receive a financial incentive for their campaigns; changing certain campaign practice and ethical practice requirements; clarifying and modifying certain exceptions to multicandidate political party expenditure limitations; modifying lobbyist reporting requirements; expanding certain reports by certain political committees and political funds; discontinuing the state ethical practices board’s responsibility for developing and furnishing certain forms; providing a tax credit for contributions to candidates and political parties; limiting contributions and solicitations during a regular legislative session; providing a public subsidy for legislative candidates in special elections; requiring candidates to match funds received from the state elections campaign fund; requiring deer licenses to include an application for absentee ballots; requiring county auditors to provide a sample ballot for classroom use; specifying a time period for preparing a candidate’s affidavit; providing for selection of judicial candidates; encouraging certain congressional action; requiring certain legislative meetings to be open; appropriating money; providing penalties; amending Minnesota Statutes 1988, sections 10A.01, subdivisions 7, 10b, 10c, 11, and by adding subdivisions; 10A.02, subdivision 1; 10A.04, subdivisions 2, 4, 4a, and by adding subdivisions; 10A.05; 10A.06; 10A.07; 10A.09, subdivision 2, and by adding a subdivision; 10A.20, subdivisions 3, 5, and by adding a subdivision; 10A.22, subdivision 7; 10A.24; 10A.25, subdivisions 2, 5, 6, 10, and by adding a subdivision; 10A.255, by adding a subdivision; 10A.27, subdivision 1, and by adding a subdivision; 10A.275; 10A.28, subdivision 1; 10A.30, subdivision 2; 97A.485, by adding a subdivision; 204B.09, subdivision 1; 290.06, by adding a subdivision; 383B.053, subdivision 1; and 383B.055, subdivisions 1 and 2; Minnesota Statutes 1989 Supplement, section 10A.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3; 10A; and 204D; proposing coding for new law as Minnesota Statutes, chapter 480B; repealing Minnesota Statutes 1988, sections 10A.32, subdivisions 1, 2, 3, and 4; and 10A.33; and Minnesota Statutes 1989 Supplement, section 10A.32, subdivision 3a.”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Linda Scheid, Robert Vanasek, Loren A. Solberg, Tom Osthoff, Dave Bishop

Senate Conferees: (Signed) William P. Luther, Gregory L. Dahl, Richard J. Cohen, John J. Marty, Lawrence J. Pogemiller

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2666 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 of Mr. Luther.

The roll was called, and there were yeas 59 and nays 3, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	McGowan	Purfeerst
Anderson	Davis	Johnson, D.E.	McQuaid	Ramstad
Beckman	Decker	Johnson, D.J.	Metzen	Reichgott
Belanger	DeCramer	Knaak	Moe, D.M.	Renneke
Benson	Dicklich	Kroening	Moe, R.D.	Samuelson
Berg	Flynn	Laidig	Morse	Schmitz
Berglin	Frank	Langseth	Novak	Solon
Bernhagen	Frederick	Lantry	Olson	Spear
Bertram	Frederickson, D.J.	Larson	Pariseau	Storm
Brandl	Frederickson, D.R.	Lessard	Pehler	Stumpf
Brataas	Freeman	Luther	Piepho	Vickerman
Cohen	Gustafson	Marty	Piper	

Messrs. Knutson, Merriam and Peterson, R.W. voted in the negative.

The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2666 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Merriam	Reichgott
Anderson	Decker	Knaak	Metzen	Renneke
Beckman	DeCramer	Knutson	Moe, D.M.	Samuelson
Belanger	Dicklich	Kroening	Moe, R.D.	Schmitz
Benson	Flynn	Laidig	Morse	Solon
Berg	Frank	Langseth	Novak	Spear
Berglin	Frederick	Lantry	Olson	Storm
Bernhagen	Frederickson, D.J.	Larson	Pariseau	Stumpf
Bertram	Frederickson, D.R.	Lessard	Pehler	Vickerman
Brandl	Freeman	Luther	Piepho	
Brataas	Gustafson	Marty	Piper	
Cohen	Hughes	McGowan	Purfeerst	
Dahl	Johnson, D.E.	McQuaid	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

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

Senate Resolution No. 191: 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 76th Legislature, 1990 Session, and the convening of the 77th Legislature, 1991 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 1990 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 1990 regular session. He is authorized to employ the necessary employees to prepare for the 1991 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 76th 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.

Mr. Moe, R.D. moved the adoption of the foregoing resolution.

The question was taken on the adoption of the resolution.



The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Merriam	Reichgott
Anderson	Decker	Knaak	Metzen	Renneke
Beckman	DeCramer	Knutson	Moe, D.M.	Samuelson
Belanger	Dicklich	Kroening	Moe, R.D.	Schmitz
Benson	Flynn	Laidig	Morse	Solon
Berg	Frank	Langseth	Novak	Spear
Berglin	Frederick	Lantry	Olson	Storm
Bernhagen	Frederickson, D.J.	Larson	Pariseau	Stumpf
Bertram	Frederickson, D.R.	Lessard	Pehler	Vickerman
Brandl	Freeman	Luther	Peterson, R.W.	
Brataas	Gustafson	Marty	Piepho	
Cohen	Hughes	McGowan	Piper	
Dahl	Johnson, D.E.	McQuaid	Ramstad	

The motion prevailed. So the resolution was adopted.

### MOTIONS AND RESOLUTIONS - CONTINUED

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

Senate Resolution No. 192: 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.

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

Senate Resolution No. 193: 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.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2629 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2629: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors of a noncontroversial nature; amending Minnesota Statutes 1988, sections 343.21, subdivision 10, as amended; and 469.005, subdivision 1, as amended; Minnesota Statutes 1989 Supplement, sections 62A.316, as amended; 144A.071, subdivision 3, as amended; and 308A.621; repealing Laws 1990, chapter 494, section 1, subdivision 7.

Mr. Spear moved to amend S.F. No. 2629 as follows:

Page 9, after line 34, insert:

“Sec. 8. 1990 H.F. No. 2419, article 1, section 23, if enacted, is amended to read:

Sec. 23. OFFICE OF WASTE MANAGEMENT

(a) General Reduction (200,000) (414,000)

(b) This reduction is from the SCORE grants to counties identified in Laws 1989, First Special Session chapter 1, article 24, section 2. (1,234,000)

(c) This appropriation is for the capital assistance program. The agency’s authorized complement is increased by seven positions for administration of the capital assistance program. 285,000

(d) Notwithstanding any other law to the contrary, any outstanding obligations that may be held in St. Louis county for grants and loans issued to the county for construction or operation of the Babbitt waste tire facility under Minnesota Statutes 1986, section 116M.07; Minnesota Statutes, section 115A.54, subdivision 2a; or 298.22; or, Minnesota Rules, parts 8300.3881 to 8300.3090, shall be suspended until June 30, 1993.

Sec. 9. 1990 S.F. No. 2621, article 2, section 56, if enacted, is amended to read:

Sec. 56. Minnesota Statutes 1988, section 252.27, as amended by Laws 1989, chapter 282, article 2, section 92, is amended to read:

252.27 [PARENTAL CONTRIBUTION FOR THE COST OF CHILDREN’S SERVICES.]

Subdivision 1. [COUNTY RESPONSIBILITY.] Whenever any child who has mental retardation or a related condition, or a physical or emotional handicap is in 24-hour care outside the home including respite care, in a facility licensed by the commissioner of human services, the cost of services shall be paid by the county of financial responsibility determined pursuant to chapter 256G. If the child’s parents or guardians do not reside in this state, the cost shall be paid by the responsible governmental agency in the state from which the child came, by the parents or guardians of the child if they are financially able, or, if no other payment source is available, by the commissioner of human services.

Subd. 1a. [DEFINITIONS.] A person has a “related condition” if that person has a severe, chronic disability that is (a) attributable to cerebral palsy, epilepsy, autism, Prader-Willi syndrome, or any other condition, other than mental illness, found to be closely related to mental retardation because the condition results in impairment of general intellectual functioning or adaptive behavior similar to that of persons with mental retardation or requires treatment or services similar to those required for persons with

mental retardation; (b) is likely to continue indefinitely; and (c) results in substantial functional limitations in three or more of the following areas of major life activity: self-care, understanding and use of language, learning, mobility, self-direction, or capacity for independent living. For the purposes of this section, a child has an "emotional handicap" if the child has a psychiatric or other emotional disorder which substantially impairs the child's mental health and requires 24-hour treatment or supervision.

Subd. 2. [PARENTAL RESPONSIBILITY.] Responsibility of the parents for the cost of services shall be based upon ability to pay. The state agency shall adopt rules to determine responsibility of the parents for the cost of services when:

(a) Insurance or other health care benefits pay some but not all of the cost of services; and

(b) No insurance or other health care benefits are available.

Subd. 2a. [CONTRIBUTION AMOUNT.] (a) The natural or adoptive parents of a minor child, including a child determined eligible for medical assistance without consideration of parental income, must contribute monthly to the cost of services, unless the child is married or has been married, parental rights have been terminated, or the child's adoption is subsidized according to section 259.40 or through title IV-E of the Social Security Act.

(b) The parental contribution equals the following percentage of that portion of the income of the natural or adoptive parents that exceeds 200 percent of the federal poverty guidelines for the applicable household size:

Adjusted Gross Income	Percentage contribution exceeding 200 percent of poverty
<del>Under \$40,000</del>	0
<del>\$40,000 to</del> Under \$49,999	10
\$50,000 to \$59,999	12
\$60,000 to \$74,999	14
\$75,000 or more	15

If the child lives with the parent, the parental contribution is reduced by \$200. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.

(c) The household size to be used in determining the amount of contribution under paragraph (b) includes natural and adoptive parents and their dependents under age 21, including the child receiving services. Adjustments in the contribution amount due to annual changes in the federal poverty guidelines shall be implemented on the first day of July following publication of the changes.

(d) For purposes of paragraph (b), "income" means the adjusted gross income of the natural or adoptive parents determined according to the previous year's federal tax form.

(e) The contribution shall be explained in writing to the parents at the

time eligibility for services is being determined. The contribution shall be made on a monthly basis effective with the first month in which the child receives services. Annually upon redetermination or at termination of eligibility, if the contribution exceeded the cost of services provided, the local agency or the state shall reimburse that excess amount to the parents, either by direct reimbursement if the parent is no longer required to pay a contribution, or by a reduction in or waiver of parental fees until the excess amount is exhausted.

(f) The monthly contribution amount must be reviewed at least every 12 months; when there is a change in household size; and when there is a loss of or gain in income from one month to another in excess of ten percent. The local agency shall mail a written notice 30 days in advance of the effective date of a change in the contribution amount. A decrease in the contribution amount is effective in the month that the parent verifies a reduction in income or change in household size.

(g) Parents of a minor child who do not live with each other shall each pay the contribution required under paragraph (a), except that a court-ordered child support payment actually paid on behalf of the child receiving services shall be deducted from the contribution of the parent making the payment.

(h) The contribution under paragraph (b) shall be increased by an additional five percent if the local agency determines that insurance coverage is available but not obtained for the child. For purposes of this section, "available" means the insurance is a benefit of employment for a family member at an annual cost of no more than five percent of the family's annual income. For purposes of this section, insurance means health and accident insurance coverage, enrollment in a nonprofit health service plan, health maintenance organization, self-insured plan, or preferred provider organization.

Parents who have more than one child receiving services shall not be required to pay more than the amount for the child with the highest expenditures. There shall be no resource contribution from the parents. The parent shall not be required to pay a contribution in excess of the cost of the services provided to the child, not counting payments made to school districts for education-related services. Notice of an increase in fee payment must be given at least 30 days before the increased fee is due.

Subd. 2b. [CHILD'S RESPONSIBILITY.] Responsibility of the child for the cost of care shall be up to the maximum amount of the total income and resources attributed to the child except for the clothing and personal needs allowance as provided in section 256B.35, subdivision 1. Reimbursement by the parents and child shall be made to the county making any payments for services. The county board may require payment of the full cost of caring for children whose parents or guardians do not reside in this state.

To the extent that a child described in subdivision 1 is eligible for benefits under chapter 62A, 62C, 62D, 62E, or 64B, the county is not liable for the cost of services.

Subd. 2c. [APPEALS.] A parent may appeal the determination of an obligation to make a contribution under this section, according to section 256.045.

Subd. 3. [CIVIL ACTIONS.] If the parent fails to make appropriate

reimbursement as required in subdivision 2a and 2b, the attorney general, at the request of the commissioner, may institute or direct the appropriate county attorney to institute civil action to recover the required reimbursement.

Subd. 4. [ORDER OF PAYMENT.] If the parental contribution is for reimbursement for the cost of services to both the local agency and the medical assistance program, the local agency shall be reimbursed for its expenses first and the remainder must be deposited in the medical assistance account.

Sec. 10. [PUBLIC DEFENDERS.]

*Subdivision 1. [REPEALER.] 1990 H.F. No. 2478, article 9, section 6, if enacted, is repealed. The section amended by 1990 H.F. No. 2478, article 9, section 6, remains in effect.*

*Subd. 2. [REPEALER.] 1990 H.F. No. 2478, article 9, section 7, if enacted, is repealed. The section amended by 1990 H.F. No. 2478, article 9, section 7, remains in effect.*

*Subd. 3. [REPEALER.] 1990 H.F. No. 2478, article 9, section 12, if enacted, is repealed. The law amended by 1990 H.F. No. 2478, article 9, section 12, remains in effect.*

*Subd. 4. [EFFECTIVE DATE.] Subdivisions 1 to 3 are effective July 1, 1990.*

Sec. 11. [SUPER COMPUTERS.]

*Subdivision 1. [REPEALER.] Minnesota Statutes 1988, section 297A.25, subdivision 45, as added in 1990 H.F. No. 2478, article 6, section 5, if enacted, is repealed.*

*Subd. 2. [EFFECTIVE DATE.] This section is effective the day following final enactment for transactions occurring on or after December 31, 1989.*

Sec. 12. 1990 H.F. No. 2419, article 1, section 57, if enacted, is amended to read:

Sec. 57. Minnesota Statutes 1988, section 116P.11, is amended to read:  
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 generated from the trust fund.

(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 1990 and 1991;

(2) for the 1993-1995 biennium, up to 20 percent of the revenue deposited in the trust fund in fiscal year ~~1994~~ 1992 and up to 15 percent of the revenue deposited in the fund in fiscal year ~~1992~~ 1993; and

(3) for the 1995-1997 biennium, up to ten percent of the revenue deposited in the fund in fiscal year ~~1993~~ 1994 and up to five percent of the revenue deposited in the fund in fiscal year ~~1994~~ 1995.

(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. 13. *Subdivision 1.* [AUTHORIZATION.] Minnesota Statutes 1989 Supplement, 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 0.03 percent of the market value of taxable property in 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~~ *Notwithstanding a contrary provision of other law or 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.

*Subd. 2.* [EFFECTIVE DATE.] *Subdivision 1 is effective the day following final enactment.*

Sec. 14. *Subdivision 1.* [MANUFACTURED HOME PARKS.] 1990 H.F. No. 2478, article 3, section 46, subdivision 1, if enacted, is amended to read:

~~Subdivision 1. [LIMITED VALUATION INCREASE.] (a) Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the estimated market value of a manufactured home park, as defined in section 327.14, subdivision 3, and assessed under section 273.13, subdivision 25, for taxes levied in 1990, may not exceed 133-1/3 percent of its estimated market value for taxes levied in 1989 as limited by Laws 1989, First Special Session chapter 1, article 3, section 32, subdivision 1. The excess market value must be entered equally in the next two succeeding assessment years. The increase in the estimated market value of a manufactured home park, as defined in section 327.14, subdivision 3, and assessed under section 273.13, subdivision 25, for taxes levied in 1990, 1991, and 1992 shall be computed as follows: one-third of the difference between its market value for taxes levied in 1989 as limited by Laws 1989, 1st Special Session chapter 1, article 3, section 32, subdivision 1, and its unlimited market value for taxes levied in 1990 shall be added to its limited market value for the prior year in each of the three years. In addition, for any increase in market value subsequent to taxes levied in 1990, all of that increase shall be added to the prior year's limited market value after the adjustment in the prior sentence.~~

(b) This subdivision does not apply to increases in value attributable to improvements made to the real estate since the January 2, 1989, assessment. It does not apply to property becoming subject to taxation since the January 2, 1989, assessment. The limitation in this subdivision applies to any increase in valuation imposed by the local boards of review under section

274.01, the county boards of equalization under section 274.13, and the state board of equalization and the commissioner of revenue under sections 270.11, 270.12, and 270.16.

*Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective at the same time 1990 H.F. No. 2478, article 3, section 46, is effective.*

**Sec. 15. [REGULATED LOANS; NONADJUSTMENT OF DOLLAR AMOUNTS.]**

*Notwithstanding Minnesota Statutes, section 56.131, subdivision 4, or other law to the contrary, the dollar amounts specified in section 56.131, subdivision 1, paragraph (a), clause (1), shall not be adjusted on July 1, 1990.*

**Sec. 16. Subdivision 1. [CORRECTION.]** 1990 S.F. No. 2621, article 6, section 1, subdivision 1, if enacted, is amended to read:

**Subdivision 1. [DETERMINATION AND COLLECTION OF SPECIAL ASSESSMENT.]** (a) In addition to all other contributions, assessments and payment obligations under chapter 268, each employer, *except an employer making payments in lieu of contributions under section 268.06, subdivision 25, 26, 27, or 28*, is liable for a special assessment levied at the rate of one-tenth of one percent per year on all wages for purposes of the contribution payable under section 268.06, subdivision 2, as defined in section 268.04, subdivision 25. Such assessment shall become due and be paid by each employer to the department of jobs and training on the same schedule and in the same manner as other contributions required by section 268.06.

(b) The special assessment levied under this section shall not affect the computation of any other contributions, assessments, or payment obligations due under this chapter.

*Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective at the same time 1990 S.F. No. 2621, article 6, section 1, is effective.*

**Sec. 17. [INCORRECT REFERENCE.]**

*The appropriation in 1990 H.F. No. 2651, article 1, section 20, subdivision 3, to the commissioner of natural resources must be spent for the reinvest in Minnesota resources program under Minnesota Statutes, section 84.95, subdivision 2, for fish and wildlife land acquisition and development, not under Minnesota Statutes, sections 40.40 to 40.45.*

**Sec. 18. [INCORRECT REFERENCE.]**

*The appropriation in 1990 H.F. No. 2651, article 1, section 24, item (c), is for payment by the commissioner of trade and economic development, not the commissioner of energy and economic development."*

Renumber the sections in sequence

Amend the title accordingly

Mr. Merriam requested division of the amendment as follows:

First portion:

Page 1, lines 29 to 45

Pages 2 to 9

Second portion:

Page 1, lines 3 to 28

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

Mr. Spear moved that the second portion of the amendment be laid on the table. The motion prevailed.

Mr. Spear then moved to amend S.F. No. 2629 as follows:

Page 9, after line 34, insert:

“Sec. 8. [INCORRECT EFFECTIVE DATE.]

*The increases in district court and conciliation court filing fees in 1990 H.F. No. 2419, article 1, sections 72 and 73, and the repeal of Minnesota Statutes, section 480.241, in section 81, are effective July 1, 1990, not the day after final enactment.”*

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Spear then moved to amend S.F. No. 2629 as follows:

Page 9, after line 34, insert:

“Sec. 8. Minnesota Statutes 1988, section 290.01, subdivision 6, is amended to read:

Subd. 6. [TAXPAYER.] The term “taxpayer” means any person or corporation subject to a tax imposed by this chapter. *For purposes of 1990 H.F. No. 2666, article 3, section 28, if enacted, the term “taxpayer” means an individual eligible to vote in Minnesota under section 201.014.”*

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Spear then moved that S.F. No. 2629 be laid on the table. 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 and First Reading of House Bills.

## 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. 1777, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1777: A bill for an act relating to Ramsey county; setting the terms of charter commission members; amending Minnesota Statutes 1988, section 383A.553, subdivision 1.

Senate File No. 1777 is herewith returned to the Senate.



Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1990

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. 2651, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2651 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2651

A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature, with certain conditions; authorizing issuance of state bonds; authorizing the commissioner of finance to make certain covenants to the purchasers of certain bonds or certificates of indebtedness; requiring identification of certain accounts; providing for the reduction and cancellation of certain bond sale authorizations; approving capital loans to certain school districts; not approving capital loans to certain school districts; authorizing certain lease-purchase, lease with option to buy, and rental arrangements by the commissioner of administration; appropriating money; amending Minnesota Statutes 1988, sections 16A.641, subdivision 6; 16A.672, by adding a subdivision; 16B.24, subdivisions 5 and 6; 116.18, subdivision 3d; 136.62, by adding a subdivision; 136A.28, subdivisions 3 and 7; 136C.04, subdivision 4; Minnesota Statutes 1989 Supplement, sections 16A.631; 16A.641, subdivision 7; 16A.69, subdivision 1; 16B.335, subdivision 2; Laws 1979, chapter 280, section 2, as amended; Laws 1989, chapter 329, article 5, section 21, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 124; repealing Minnesota Statutes 1988, section 16A.651.

April 25, 1990

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. 2651, 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. 2651 be further amended as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

Section 1. [CAPITAL IMPROVEMENTS APPROPRIATIONS.]

The sums in the column marked "APPROPRIATIONS" are appropriated

from the bond proceeds fund, or another named fund, to the state agencies indicated, to be spent to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this act.

## SUMMARY

TECHNICAL COLLEGES	\$ 25,362,000
COMMUNITY COLLEGES	50,500,000
STATE UNIVERSITIES	44,408,000
UNIVERSITY OF MINNESOTA	71,480,000
EDUCATION	27,793,000
JOBS AND TRAINING	750,000
VETERANS HOMES BOARD	1,750,000
HEALTH	1,376,000
CORRECTIONS	13,121,000
HUMAN SERVICES	22,675,000
TRANSPORTATION	21,734,000
PUBLIC SAFETY	545,000
BOARD OF WATER AND SOIL RESOURCES	2,395,000
MINNESOTA HISTORICAL SOCIETY	3,475,000
INDIAN AFFAIRS COUNCIL	50,000
ADMINISTRATION	16,750,000
CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	300,000
NATURAL RESOURCES	17,950,000
PUBLIC FACILITIES AUTHORITY	30,954,000
POLLUTION CONTROL AGENCY	27,225,000
WASTE MANAGEMENT	7,000,000
TRADE AND ECONOMIC DEVELOPMENT	7,500,000
AMATEUR SPORTS COMMISSION	5,000,000
HOUSING FINANCE AGENCY	1,500,000
MILITARY AFFAIRS	200,000
BOND SALE EXPENSES	386,000
TOTAL	\$402,179,000
Bond Proceeds Fund	109,521,000
Infrastructure Development Fund	243,661,000
Maximum Effort School Loan Fund	23,000,000
Transportation Fund	11,200,000
Trunk Highway Fund	10,484,000
Airport Fund	50,000

General Fund

4,263,000  
APPROPRIATIONS

## Sec. 2. TECHNICAL COLLEGES

Subdivision 1. To the state board of vocational technical education for the purposes specified in this section

\$ 25,362,000

The appropriations in this section are from the infrastructure development fund.

Notwithstanding Minnesota Statutes, section 475.61, subdivision 4, the state board of vocational technical education may approve a request by a local school board to use any unobligated balance in the technical college debt redemption fund to pay the district's share of construction projects authorized in this section.

The state board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

## Subd. 2. Statewide

During the biennium, as part of the planning process for a new or remodeled building, consideration must be given to the child care needs of a campus and the feasibility of locating child care facilities in the building. The board shall report on its consideration process and its decision for each project proposed in future bonding requests.

Notwithstanding Minnesota Statutes, section 136C.44, during the biennium the state board of vocational technical education must not make grants to school districts but shall directly supervise and control the preparation of plans and specifications to construct, alter, or enlarge the technical college buildings, structures, and improvements provided for in this section. The state board of vocational technical education may provide grants to school districts for land purchases authorized in this act. The school district must still finance 15 percent of the cost of each project, other than in a joint vocational technical district as defined in Minnesota Statutes, section 136C.60.

During the biennium, the state board of vocational technical education shall advertise for bids and award contracts in connection with the improvements, supervise and inspect the work, approve necessary changes in the plans

and specifications, approve estimates for payment, and accept the improvements when completed according to the plans and specifications.

During the biennium, the state board may delegate the authority provided in this section to the campus director for repair and replacement projects with a total cost of less than \$50,000, if the state board determines that the projects can be efficiently managed at the campus level.

Plans must be paid for out of this appropriation. The remainder of the appropriation must not be spent until the board has secured suitable plans and specifications, prepared by a competent architect or engineer. The plans and specifications must be accompanied by a detailed statement of the cost, quality, and description of all material and labor required for the completion of the work. No plan may be adopted, and no improvement made or building constructed, that contemplates the expenditure for its completion of more money than the appropriation for it, unless otherwise provided in this act.

The state board of vocational technical education may delegate responsibilities to technical college staff.

Subd. 3. Capital improvements

3,300,000

This appropriation is for capital improvement grants to school districts for roofs, parking lots, hazardous material abatement, fuel tank removal, electrical, mechanical, and other physical plant repairs and betterments at technical college campuses.

Subd. 4. Alexandria Technical College

870,000

This appropriation is for a truck mechanics instruction building. The total cost of the project must not exceed \$1,024,000, whether paid from state, local, or federal money.

Subd. 5. Anoka Technical College

3,500,000

This appropriation is to remodel and construct space for classrooms, parking, and other related purposes, and to acquire land. The total cost of the project must not exceed \$4,118,000, whether paid from state, local, or federal money.

Subd. 6. Dakota County Technical College

939,000

This appropriation is for a decision driving course and truck driving areas on land leased

from the University of Minnesota, or currently owned land. No exchange of ownership of the property may occur. Any unspent balance remaining after completion of this project may be spent for classrooms. The total cost of the project must not exceed \$1,200,000, whether paid from state, local, or federal money.

Subd. 7. Detroit Lakes  
Technical College

4,429,000

This appropriation is to remodel and construct space for classrooms, a telecommunications center, child care, laboratories, staff work areas, and parking/site improvements. The total cost of this project must not exceed \$5,211,000 whether paid from state, local, or federal money.

Subd. 8. Duluth  
Technical College

520,000

This appropriation is for exterior wall stabilization and repair. The total cost of this project must not exceed \$612,000 whether paid from state, local, or federal money.

Subd. 9. East Grand Forks  
Technical College

2,000,000

This appropriation is to remodel and construct space for classrooms, laboratories, offices, telecommunications, truck driving courses, parking, and other related purposes. The total cost of the project must not exceed \$2,353,000, whether paid from state, local, or federal money.

Subd. 10. Hennepin Technical  
College

Intermediate District 287, Hennepin Technical College, is authorized to construct classrooms, labs, staff areas, parking/site work, and make energy modifications. The total cost of the project must not be more than \$1,409,000, to be paid from the proceeds of the sale of land and from local money.

In funding this project, the district is required to use the post-secondary share of the proceeds from the sale of the west campus land. The post-secondary share of the sale is the percent of the net sales proceeds that equals the state's percentage of the original investment.

To determine the amount of local funds available for this project, the state director, district superintendent, and commissioner of finance, or their designees, shall determine the post-secondary share of all district funds according

to Minnesota Statutes, section 136C.05, subdivision 6.

If the project is not authorized by the board of District No. 287 by December 1, 1990, the state board shall recover the state's share of the post-secondary portion of the proceeds of the sale of the west campus land. The recovery may be a direct payment from Intermediate District No. 287 to the state board, or the state board may reduce the allotment for the operations budget.

**Subd. 11. Hibbing Technical  
College**

500,000

This appropriation is to prepare a site and a plan for a new campus. Before any land is purchased, the terms of the purchase and the site selected must be submitted to the chairs of the senate finance and house appropriations committees for their review. The total cost of the project must not exceed \$588,300, whether paid from state, local, or federal money.

**Subd. 12. Southwestern Technical  
College**

1,200,000

**(a) Canby Campus**

This appropriation is for connecting links to the main classroom building and the student services area.

**(b) Granite Falls Campus**

This appropriation is for construction of a library and resource study area, special needs, and student services area.

**(c) Jackson Campus**

This appropriation is for construction of an auto body and auto mechanic laboratory and remodeling for a library.

**(d) Pipestone Campus**

This appropriation is for remodeling for a library and resource study area, and student services space.

**Subd. 13. Thief River Falls  
Technical College**

2,338,000

This appropriation is to remodel and construct space for an airplane hangar, classrooms, staff work areas, storage, parking, and site work at the airport site. The total cost of the project must not exceed \$2,751,000, whether paid from state, local, or federal money.

Subd. 14. Willmar Technical  
College 700,000

This appropriation is to construct and remodel space for the auto body training program. The total cost of the project must not exceed \$824,000, whether paid from state, local, or federal money.

Subd. 15. Winona Technical  
College 4,666,000

This appropriation is to remodel and construct space for an aviation center, classrooms, laboratories, staff work areas, hangar space, storage and parking/site improvement. The total cost of this project must not exceed \$5,489,000 whether paid from state, local, or federal money.

Subd. 16. Land Acquisition 400,000

This appropriation is for the State Board of Vocational Technical Education to acquire land for a joint campus for Brainerd Technical College and Brainerd Community College.

The state board of vocational technical education, the state board for community colleges, Brainerd technical college, and Brainerd community college shall cooperatively undertake a plan for a joint campus for Brainerd technical college and Brainerd community college.

### Sec. 3. COMMUNITY COLLEGES

Subdivision 1. To the commissioner of administration for the purposes specified in the following subdivisions 50,500,000

The appropriations in this section are from the infrastructure development fund.

Notwithstanding Minnesota Statutes, section 16B.24, subdivision 2, the state board for community colleges shall supervise and control the making of necessary repairs to all state community college buildings and structures during the biennium.

The state board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

During the biennium, as part of the planning process for a new or remodeled building, consideration must be given to the child care needs of a campus and the feasibility of locating child care facilities in the building. The board shall

report on its consideration process and its decision for each project proposed in future bonding requests.

Subd. 2. Austin Community College 440,000

This appropriation is to prepare working drawings to renovate and construct space for laboratories, a library, nursing, occupational therapy center, receiving and maintenance, dining, continuing education, theatre, campus center, offices, classrooms, bookstore, developmental learning, journalism, and other related purposes.

Subd. 3. Brainerd Community College 5,148,000

This appropriation is to renovate and construct space for drama, physical education, laboratories, a library, classrooms, a campus center, an art studio, offices, parking, storage areas, and other related purposes.

Subd. 4. Cambridge Center 400,000

This appropriation is to prepare working drawings for classrooms, laboratories, offices, and other necessary purposes. This appropriation is available only after receipt of a gift of land, including provision for sewer and water services, upon which the structures will be located. The site shall be submitted to the chairs of the senate finance and house appropriations committees for their review, before final acceptance.

Subd. 5. Fergus Falls Community College 3,429,000

This appropriation is to construct and remodel space for a campus center, laboratories, offices, administration and counseling, classrooms, continuing education, physical education, parking, and storage.

Subd. 6. Fond du Lac Center 6,990,000

This appropriation is to construct space for classrooms, laboratories, offices, and other necessary purposes. This appropriation is available only after receipt of a gift of land, including provision for sewer and water services, upon which the structures will be located.

Subd. 7. Hibbing Community College 500,000

This appropriation is the state's share for construction of athletic facilities to be used jointly with the Hibbing school district. The facilities must be maintained by the school district.



Subd. 8. Lakewood Community  
College 3,500,000

This appropriation is to renovate and construct space for classrooms, parking, student services, administration, laboratories, campus center, faculty office areas, and other related purposes.

Subd. 9. Rainy River Community  
College 1,400,000

This appropriation is to renovate and construct space for classrooms, laboratories, student services areas, faculty offices, a bookstore, maintenance facilities, library, administration areas, and other related purposes.

Subd. 10. Vermilion Community  
College 1,050,000

This appropriation is to renovate and construct space for shops, classrooms, music, information processing, developmental learning, and other related purposes, and conceptual planning for space for administration, student services, offices, classrooms, laboratories, and connecting links. This project may not proceed beyond plans until the plans have been reviewed by the chairs of the senate finance and house appropriations committees and the chairs have made their recommendations on the plans.

Subd. 11. Willmar Community  
College 3,393,000

This appropriation is to renovate and construct space for laboratories, a library, offices, parking, heating, ventilating, and air conditioning systems, fine arts, classroom areas, and other related purposes.

Subd. 12. Worthington Community  
College 1,500,000

This appropriation is to renovate and construct space for laboratories, classrooms, administration, student services, offices, a television studio, and other related purposes.

Subd. 13. University Center at  
Rochester 17,000,000

This appropriation is to construct and renovate space for the center. For purposes of allocating responsibility for debt service for this project, the commissioner of finance, after consulting with the University of Minnesota, state universities, and community college systems, shall develop an equitable amount for each system

to pay for its debt service share. The total amount from the three systems must equal the amount necessary to pay the systems' share of the debt service transfer.

Subd. 14. Systemwide capital improvements

5,000,000

This appropriation is for capital improvements at community colleges statewide, including roofs, hazardous material abatement, repair or construction of parking lots, electrical, mechanical, and other physical plant repairs and betterments.

Subd. 15. Land Acquisition

750,000

This appropriation is to the state board for community colleges to acquire land for Lake-wood and North Hennepin community colleges.

#### Sec. 4. STATE UNIVERSITIES

Subdivision 1. To the state university board for the purposes specified in the following subdivisions

44,408,000

The appropriations in this section are from the infrastructure development fund.

Notwithstanding Minnesota Statutes, sections 16B.30 and 16B.31, during the biennium, the state university board shall supervise and control the preparation of plans and specifications for the construction, alteration, or enlargement of the state university buildings, structures, and improvements provided for in this section. During the biennium, the board shall advertise for bids and award contracts in connection with the improvements, supervise and inspect the work, approve necessary changes in the plans and specifications, approve estimates for payment, and accept the improvements when completed according to the plans and specifications.

Plans must be paid for out of this appropriation. The remainder of the appropriation must not be spent until the board has secured suitable plans and specifications, prepared by a competent architect or engineer. The plans and specifications must be accompanied by a detailed statement of the cost, quality, and description of all material and labor required for the completion of the work. No plan may be adopted, and no improvement made or building constructed, that contemplates the expenditure for its completion of more money than the appropriation for it, unless otherwise provided in this act.

The board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Notwithstanding Minnesota Statutes, section 16B.24, subdivision 2, the state university board shall supervise and control the making of necessary repairs to all state university buildings and structures during the biennium.

Notwithstanding other law, during the biennium, the state university board may purchase property adjacent to or in the vicinity of the campuses as necessary for the development of the universities. Before taking action, the board shall consult with the chairs of the senate finance committee and the house appropriations committee about the proposed action. The board shall explain the need to acquire property, specify the property to be acquired, and indicate the source and amount of money needed for the acquisition.

During the biennium, the state university board may pay relocation costs, at its discretion, when acquiring property.

During the biennium, as part of the planning process for a new or remodeled building, consideration must be given to the child care needs of a campus and the feasibility of locating child care facilities in the building. The board shall report on its consideration process and its decision for each project proposed in future bonding requests.

Subd. 2. Bemidji Campus

(a) Heating plant rehabilitation	3,990,000
(b) Emergency generator	870,000

Subd. 3. Mankato Campus

(a) Heating plant rehabilitation	3,720,000
(b) Construct Phase I addition to Trafton Hall	7,000,000

Subd. 4. Metropolitan Campus

13,000,000

This appropriation is to construct a consolidated administrative and student center, convert the power plant to low pressure steam, and correct code deficiencies in existing structures.

Subd. 5. Moorhead Campus

(a) Construct a classroom building	3,600,000
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**(b) Moorhead parking deck**

\$2,560,000 appropriated by Laws 1987, chapter 400, section 19, subdivision 4, item (c), to plan and construct a vehicle parking deck at Moorhead State University, may be used to acquire land adjacent to or in the vicinity of the Moorhead campus as necessary to develop Moorhead State University, and may be used to construct parking spaces on university land. The state university board may pay relocation costs, at its discretion, when acquiring this property.

**Subd. 6. Southwest Campus**

Recreational sports building 6,300,000

Notwithstanding Laws 1989, chapter 300, article 1, section 4, subdivision 7, the appropriation in Laws 1987, chapter 400, section 19, subdivision 6, item (e), no more than \$50,000 may be used for the purpose stated in the 1989 law. The balance of the appropriation shall be added to the appropriation for the recreational sports building in this subdivision.

Subd. 7. Systemwide Capital Improvements 2,515,000

This appropriation is for capital improvements on state university campuses statewide.

(a) Abate hazardous materials 1,300,000

(b) Roof replacements on the Bemidji, Moorhead, St. Cloud, Southwest, and Winona campuses 1,215,000

Subd. 8. Land Acquisition 1,750,000

This appropriation is to acquire land adjacent to or in the vicinity of the St. Cloud campus.

Subd. 9. Systemwide Library Planning 200,000

This appropriation is to develop schematic plans for a college campus library and its needs 15 years into the future. The plan must be suitable for construction of a library on any or all state university system campuses. The plans must account for anticipated changes in electronic and communications technology affecting publishing, storage, access, reference, administration, staffing, and related capabilities appropriate to a comprehensive library and efficient use of its resources, including cooperative collection building and storage with other state university campuses. The planning must be conducted with the full involvement and participation of St. Cloud, Bemidji, and

Winona state universities and must be incorporated into plans for library improvements on those campuses. The board shall report to the chairs of the senate finance committee and the house of representatives appropriations committee by May 1, 1991, describing the model and its application to the needs of the libraries at the St. Cloud, Bemidji, and Winona campuses.

Subd. 10. Settlement of wood-fired boiler litigation

1,463,000

This appropriation is from the general fund.

Notwithstanding Laws 1987, chapter 401, section 5, subdivision 3, paragraphs 2 and 3; Laws 1989, chapter 300, article 1, section 4, subdivision 10; and Laws 1989, chapter 293, section 5, subdivision 4, this appropriation is for the full and final payment of a settlement agreed to by the parties to the litigation among First Trust Company, Inc., M.E.S. Corporation, and the state of Minnesota to resolve disputes over energy services systems for the state universities at St. Cloud and Bemidji. This appropriation is not an admission of liability by the state but represents only the sum of a binding court judgment and post-judgment interest for payments due prior to the 1987 and 1989 legislative nonappropriations enumerated above; a payment for past use by the state of certain equipment; a payment for purchase by the state of certain equipment; and a payment in lieu of all other outstanding claims against the state. Laws 1987, chapter 401, section 5, subdivision 3, paragraphs 2 and 3; Laws 1989, chapter 300, article 1, section 4, subdivision 10; and Laws 1989, chapter 293, section 5, subdivision 4, remain permanently in effect except as specifically provided in this section.

Sec. 5. UNIVERSITY OF MINNESOTA

Subdivision 1. To the regents of the University of Minnesota for the purposes specified in the following subdivisions

71,480,000

The appropriations in this section are from the infrastructure development fund.

The regents shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

During the biennium as part of the planning process for a new or remodeled building, consideration must be given to the child care needs

of a campus and the feasibility of locating child care facilities in the building. The board shall report on its consideration process and its decision for each project proposed in future bonding requests.

Subd. 2. Morris Campus  
Remodel and construct addition to student center 4,000,000

Subd. 3. Twin Cities Campus

(a) Construct biological sciences addition 16,500,000

(b) Remodel Wilson Library 2,080,000

(c) Construct addition to and renovate veterinary diagnostic lab 7,900,000

(d) Construct music performance hall addition to Ferguson Hall 6,700,000

This amount must be matched by a minimum of \$2,000,000 from nonstate sources. The amount of money provided to match the state appropriation pursuant to Laws 1984, chapter 597, section 16, subdivision 2, clause (j), may be included in calculating the match amount required in this paragraph.

(e) Construct an Integrated Waste Management Facility 7,500,000

(f) Recreational sports and physical education building 6,000,000

This appropriation is to complete the university recreation center, the space under the bleachers in the aquatics center, repair the second and third floors of Cooke Hall, and may include moving gymnastics to Peik gym and relocating the Human Performance Laboratory. If all of the preceding items are completed, the handball and racquetball courts in St. Paul may also be constructed.

(g) The appropriations in Laws 1978, chapter 792, section 11, subdivision 2, item (e); and in Laws 1984, chapter 597, section 16, subdivision 2, item (f), to remodel Folwell Hall on the Twin Cities campus of the University of Minnesota may be added to the appropriation in Laws 1987, chapter 400, section 20, subdivision 7, item (l), to remodel Folwell Hall, phase II.

Subd. 4. Crookston Campus

(a) Construct agricultural operations management center 4,410,000

(b) Plan Agricultural Utilization Research

Institute offices and labs and remodel current space 590,000

Subd. 5. Duluth Campus

(a) Expand and renovate Natural Resources Research Institute 2,500,000

(b) Construct college campus center 10,000,000

Subd. 6. North Central Experiment Station

The appropriation in Laws 1989, chapter 335, article 1, section 21, subdivision 4, for hybrid aspen and hybrid larch research and development at the North Central Experiment Station at Grand Rapids may also be spent to construct a greenhouse.

Subd. 7. Systemwide Health and safety

1,500,000

This appropriation is to continue the program for upgrading university facilities to eliminate fire and life safety deficiencies and to continue the ongoing university-wide program of rendering facilities accessible to the physically disabled.

Subd. 8. Minnesota Agricultural Experiment Stations

1,800,000

This appropriation is for capital improvements at the Horticulture Research Center; the North Central Experiment Station; the Southwest Experiment Station; the West Central Experiment Station; the Northwest Experiment Station; and the Cloquet Forestry Center. Any funds remaining after completion of the first five projects may be used to fund other experiment station projects in accordance with the priorities established by the board of regents.

The board of regents may execute a contract for deed for purchase of unique farm land at Lambertton.

Sec. 6. HIGHER EDUCATION SYSTEMS

Subdivision 1. Debt Service Plans

Each public higher education system is requested to include in the 1991 biennial budget document a plan for incorporating debt service retirement into its operating budget. The plan should include, but not be limited to, the amount of debt service, the types of projects, a ten-year plan for anticipated projects, and the method for financing the plan.

Subd. 2. Parking Fees

Each public higher education system shall develop a parking plan. The plan shall include consideration of establishing parking fees for each campus at a level that will provide adequate revenue to construct, repair, and maintain the parking lots. The plan must be submitted to the legislature in the 1991 biennial budget document.

### Sec. 7. EDUCATION

Subdivision 1. To the commissioner of administration, except as otherwise specified, for the purposes specified in this section

27,793,000

Subd. 2. Minnesota State Academy for the Blind and Deaf - Faribault

343,000

(a) Upgrade mechanical systems and make health and life safety improvements in Activities Building

128,000

(b) Retrofit science classrooms to meet safety standards

50,000

(c) Replace windows

165,000

Subd. 3. Minnesota Center for Arts Education

Purchase and rehabilitate Golden Valley site

4,250,000

Notwithstanding any other law to the contrary, the commissioner of administration may purchase the Golden Valley site for a sum not more than \$4,250,000.

Subd. 4. Minnesota Center for Science, Mathematics, and International Studies  
Purchase facilities at Winona

200,000

This appropriation is to purchase facilities on the campus of the former College of Saint Teresa in Winona, to be used to establish a state center for science, mathematics, and international studies. This appropriation may be spent only if the Hiawatha Foundation exercises its option to buy the buildings. The Foundation must maintain the facilities through June 30, 1991.

Subd. 5. Maximum Effort School Loans

23,000,000

This appropriation is from 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.

This appropriation is to the commissioner of



education, who shall rank capital loan applications that were recommended by the state board of education and approved by voters of the school district before April 15, 1990. Ranking shall be based on the criteria in Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1, paragraph (b), clauses (2)(A) to (D), and the amount of the appropriation in this subdivision.

The commissioner shall review the proposed plan and budgets of a project to be funded and may reduce the amount of the loan to ensure that the project will be economical. The commissioner may recover the cost incurred by the commissioner for any professional services associated with the final review by reducing the proceeds of the loan paid to the district.

The commissioner shall allot the amount available for capital loans to the top-ranked districts in rank order. The commissioner shall not prorate a capital loan. If the available money will not fully fund a project, the commissioner shall allot the money to the next lower project that can be fully funded. Capital loans are approved for the districts funded by the commissioner. The amount, terms, and forgiveness of a capital loan are governed by this subdivision and 1990 H.F. No. 2200, article 11.

Except for emergency requests, these school district applications shall be the top priority for funding capital loans until July 1, 1995, if:

- (1) the districts continue to meet the criteria in Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1, paragraph (b), clauses (2)(A) to (D);
- (2) the amount of the loan is within the limit established by 1990 H.F. No. 2200, article 11, section 5, subdivision 8, as modified by 1990 H.F. No. 2200, article 11, section 10; and
- (3) the districts levy according to 1990 H.F. No. 2200, article 11, section 2, and section 5, subdivision 11.

A district application may change priority or rank order when the conditions under which the state board of education approved the loan application or the voters approved borrowing the money change sufficiently to disqualify it for a capital loan, raise or lower its rank, or eliminate its status as top priority, according to 1990 H.F. No. 2200, article 11.

### Sec. 8. JOBS AND TRAINING

To the commissioner of administration  
for the purposes specified in this section 750,000

This appropriation is to construct and renovate a regional job service office in south Minneapolis. The office must be located at the southwest corner of the intersection of Chicago and Lake streets.

### Sec. 9. VETERANS HOMES BOARD

Subdivision 1. To the commissioner  
of administration for the purposes specified  
in this section 1,750,000

The appropriations in this section represent 35 percent of the estimated cost of each project.

The Minnesota Veterans Homes Board must apply for the federal money needed to complete these projects. The commissioner of administration shall receive the federal money and make the money available to the Veterans Homes Board to spend for completion of the projects. Any part of the total appropriation in this section may be spent for any of the projects in this section before the federal money for that project is received, provided that the project must not be started until enough federal or other money has been committed to complete it.

Subd. 2. Minnesota Veterans Home -  
Minneapolis

(a) Expand feeding and lounge areas in building 17	187,000
(b) Restore bridge and utilities	367,000
(c) Demolish building 12B and remove boiler from building 14A	34,000

Subd. 3. Minnesota Veterans Home -  
Hastings

(a) Upgrade heating and air conditioning system	56,000
(b) Replace windows	26,000
(c) Repair roofs	28,000
(d) Reconfigure domiciliary rooms to comply with standards	1,052,000

### Sec. 10. HEALTH

To the commissioner of administration  
to renovate laboratories at the present  
health building and remodel the heating,  
ventilating, and air conditioning systems 1,376,000

## Sec. 11. CORRECTIONS

Subdivision 1. To the commissioner of administration for the purposes specified in this section 13,121,000

### Subd. 2. Minnesota Correctional Facility - Faribault

(a) Complete phase II conversion to medium security and electrical upgrade of facility 2,706,000

(b) Reconfigure roads, walks, and lots in coordination with the department of human services 537,000

### Subd. 3. Minnesota Correctional Facility - Lino Lakes

(a) Expand "Q" Building 500,000

(b) Construct two new medium security cottages 6,000,000

(c) Connect to city water and sewer system 955,000

(d) Replace the emergency power generator 318,000

### Subd. 4. Minnesota Correctional Facility - Stillwater

Replace locks in cell hall B 594,000

### Subd. 5. Minnesota Correctional Facility - Willow River/Moose Lake

Expand and improve the wastewater treatment system 85,000

### Subd. 6. Minnesota Correctional Facility - Shakopee

Plan and design for expansion 300,000

### Subd. 7. Minnesota Correctional Facility - St. Cloud

Complete the replacement of steam/condensate lines 224,000

### Subd. 8. Minnesota Correctional Facility - Red Wing

Replace hot water lines from the industrial building throughout the tunnel system of the facility and remove asbestos 402,000

### Subd. 9. Systemwide

Repair roofs, structures, and utilities at various state correctional facilities 500,000

## Sec. 12. HUMAN SERVICES

Subdivision 1. To the commissioner of administration for the purposes specified in this section 22,675,000

### Subd. 2. Systemwide

(a) Upgrade heating and air conditioning system in residential and program buildings	500,000
(b) Remodel resident living and program areas to meet licensure and accreditation requirements	450,000
(c) Repair roofs, structures, and utilities	426,000

Subd. 3. Construct ten additional state-operated community services facilities for people with developmental disabilities

2,590,000

Subd. 4. State-operated community-based residences

1,000,000

This appropriation is to plan, design, renovate or construct two state-operated community-based residences for people with mental illness. Each facility must be located in conformance with deconcentration requirements. One facility must be located in the Twin Cities metropolitan area, must have no more than 16 beds, and must serve adults. One facility must be located outside the Twin Cities metropolitan area, must have 10 beds, and must serve adolescents. Before beginning construction, the commissioner shall consult with the chairs of the Health and Human Services Division of the House Appropriations Committee and the Health and Human Services Division of the Senate Finance Committee.

Subd. 5. Construct water line to Cambridge Regional Treatment Center

400,000

This appropriation is to repair or replace water and sewer mains at the Cambridge regional human services center in cooperation with the city of Cambridge. Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of administration may transfer to the city of Cambridge any property at the Cambridge regional human services center that relates to the provision of water or sewer services or other utilities. The department and the city may attach to the transfer the conditions that they agree are appropriate, including conditions that relate to water and sewer service at the center and in the city. If the transfer requires the conveyance of any interest in real estate, the attorney general shall prepare appropriate instruments of conveyance. The deed to convey the property must contain a clause that the property will revert to the state if the property ceases to be used for a public purpose. This appropriation expires upon the

accomplishment or abandonment of its purpose.

Subd. 6. Remodel, upgrade, and re-equip dietary and kitchen facilities at Ah-Gwah-Ching, Brainerd Human Services Center, and St. Peter Regional Treatment Center	774,000
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Subd. 7. Regional Treatment Centers	7,235,000
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This appropriation is to prepare working drawings to remodel or reconstruct the Anoka, Moose Lake, and Fergus Falls mental health units. Plans must be ready for construction bid by June 1, 1991, with a total construction cost not to exceed \$97,000,000. Construction funds must be available after review of the plans by the 1991 legislature. Schematics shall be submitted to the chair of the health and human services division of the senate finance committee and the chair of the health and human services division of the house appropriations committee for their review.

Of this appropriation, \$2,800,000 is for Anoka Metro Regional Treatment Center to complete schematics and working drawings for construction of a 300-bed facility for treatment of individuals with mental illness. The new facility must include space for ancillary and support functions for all disability groups to be served by the regional center.

Of this appropriation, \$1,435,000 is for Fergus Falls Regional Treatment Center to develop schematics and working drawings for a new 100-bed freestanding facility for persons with mental illness. The new facility must include space for ancillary and support functions for all disability groups to be served by the regional center. The plan and working drawings must be drafted in a manner that will allow for all construction to be completed in totality or in phases. The first phase must provide for completion of all ancillary and support functions. Upon completion of construction, custodial control of the existing Kirkbride Complex shall be transferred to the commissioner of administration after a public meeting in Fergus Falls to receive recommendations for its disposition.

Of this appropriation, \$1,500,000 is for Moose Lake Regional Treatment Center to develop schematics and working drawings for construction of a new 150-bed freestanding facility for the treatment of individuals with mental illness. The new facility must include space

for ancillary and support functions for all disability groups to be served by the regional center. The site for the new facility shall be located, if feasible, on property presently under the custodial control of the Moose Lake Regional Treatment Center. If a building site on regional center property is not feasible, the commissioners of human services and natural resources shall cooperatively explore the feasibility of an alternative site location on state land adjacent to the regional center which at the present time is under the custodial control of the department of natural resources. The commissioner of human services may also accept a gift of real property as an alternative site for the new regional facility. Upon completion of construction, custodial control of the existing regional center complex shall be transferred to the commissioner of corrections for the purpose of establishing a correctional facility.

Of this appropriation, \$1,500,000 is for remodeling the Brainerd Regional Treatment Center for 35 mental health security beds.

The department of administration, in cooperation with the department of human services, shall coordinate the planning for the reconstruction of the regional treatment centers. The proposals for schematics and working drawings for the psychiatric facilities at Anoka, Fergus Falls, and Moose Lake must be let in a single bid. The department of finance may reduce the authorization if the department estimates the amount needed is less than the authorized amount.

Subd. 8. Remodel residential buildings at regional treatment centers to meet standards for skilled nursing facilities	9,300,000
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This appropriation is to complete remodeling of buildings for 105 beds at Brainerd, 70 beds at Cambridge, and 85 beds at Fergus Falls.

### Sec. 13. TRANSPORTATION

Subdivision 1. To the commissioner of transportation for the purposes specified in this section	21,734,000
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#### Subd. 2. Buildings

The appropriations in this subdivision are from the trunk highway fund.

(a) Bemidji rest area	250,000
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The commissioner of transportation may not

spend more than \$400,000 from an appropriation for trunk highway development to develop the site and design a facility for a trunk highway rest area and tourist information center at Bemidji. State money may not be spent to operate the facility.

(b) Brainerd District Headquarters 6,525,000

This appropriation is to construct a new headquarters on a site already owned by the department of transportation.

(c) Detroit Lakes Laboratory addition 344,000

(d) Marshall Area Maintenance Building 600,000

This appropriation is added to the appropriation in Laws 1989, chapter 269, section 2, subdivision 11, item (e).

(e) Mahnomens Truck Station 420,000

This appropriation is to construct a new truck station.

(f) St. James Truck Station 420,000

(g) Statewide

(1) Asbestos removal and reinsulation in Minnesota department of transportation facilities statewide 250,000

(2) Underground storage tank replacement at Minnesota department of transportation facilities statewide 750,000

(3) Construct or repair chemical storage sheds at department facilities 405,000

(4) Acquire land 145,000

This appropriation is to acquire land for truck station sites at Roseau, Pine City, Northfield, and Pipestone.

(5) Construct pole-type storage sheds at Minnesota department of transportation facilities statewide 375,000

Subd. 3. Planning for airport hangar at St. Paul downtown airport 50,000

This appropriation is from the state airports fund.

Subd. 4. Federal Aid Demonstration Program 5,600,000

This appropriation is from the state transportation fund.

Subd. 5. Local Bridge Replacement and Rehabilitation 5,600,000

This appropriation is from the state transportation fund.

(a) This appropriation shall be distributed by the commissioner of transportation as grants to political subdivisions for the construction and reconstruction of key bridges on highways and streets under their jurisdiction. The grants shall not exceed the following aggregate amounts:

- |   |             |
|---|-------------|
| (1) To counties                               | \$3,304,000 |
| (2) To home rule charter and statutory cities | \$ 784,000  |
| (3) To towns                                  | \$1,512,000 |

(b) The grants may be used by a political subdivision to:

- (1) Construct and reconstruct key bridges under their jurisdiction;
- (2) Match federal-aid grants for construction and reconstruction of the bridges;
- (3) Pay the costs of preliminary engineering and environmental studies for the bridges;
- (4) Pay the costs of abandoning an existing bridge that is deficient and is in need of replacement, but where no replacement is made; and
- (5) Pay the cost of constructing a road or street that would facilitate the abandonment of an existing deficient bridge. The construction of the road or street must be judged by the commissioner to be more cost-efficient than the reconstruction or replacement of the existing bridge.

#### Sec. 14. PUBLIC SAFETY

Remodel Bureau of Criminal Apprehension Building to comply with building code	545,000
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#### Sec. 15. BOARD OF WATER AND SOIL RESOURCES

To the board of water and soil resources for the Reinvest in Minnesota resources program	2,395,000
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This appropriation is from the infrastructure development fund.

This appropriation is to acquire conservation easements under Minnesota Statutes, section 40.43, subdivision 3. The board shall give priority to acquiring easements on cropland in sensitive groundwater areas.



Administrative costs for one position of the board are to be paid from this appropriation.

\$1,645,000 of this appropriation is to construct the Wellner-Hageman dam.

Sec. 16. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. To the Minnesota historical society for the purposes specified in this section 3,475,000

Subd. 2. Specific Projects

(a) Complete State History Center 2,300,000

This appropriation is added to the appropriation in Laws 1987, chapter 400, section 15, subdivision 2.

\$100,000 of this appropriation is to construct exhibits at the State History Center.

(b) Restore and repair deterioration of Split Rock Lighthouse 125,000

(c) Restore and reconstruct Meighen store complex 100,000

(d) Red Lake Tribal Information Center 300,000

This appropriation is for the Minnesota historical society to make a grant to independent school district No. 38, Red Lake, to finalize construction documents and operating agreements before project bidding.

Subd. 3. For heritage zone grant-in-aid 100,000

This appropriation is for grant-in-aid purposes of the St. Anthony Falls Heritage Preservation Zone. Grants may be made for public improvements of a capital nature according to the St. Anthony Falls interpretive plan for preservation of interpretive components. The matching requirements for the grants may be established by the St. Anthony Falls Heritage Board.

Subd. 4. For the labor history center 550,000

This appropriation is to plan and design the Labor History Center. The society shall develop a facility program document that defines the space and programming needs of the center including operating expenses. The society shall determine, through a site location assessment study, the location of the center on a site adjacent to the history center and prepare working drawings for the project. Cost estimates for all elements necessary to complete the project must be submitted to the chairs of the agriculture,

transportation, and semi-states divisions of the senate finance and house appropriations committees for their recommendations. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation. The total cost of the project must not exceed \$12,500,000. The project cost may include exhibits and audio-visual devices and systems.

**Subd. 5. For site improvements**

Notwithstanding any other law to the contrary, unencumbered balances from appropriations in Laws 1981, chapter 4, section 11, are reappropriated to the Minnesota Historical Society for site contamination clean-up and access requirements. The Minnesota Historical Society shall report to the chair of the senate committee on finance and the chair of the house of representatives committee on appropriations on expenditures made under this subdivision. The purpose of the reappropriation is to pay for existing projects and not to pay for new projects.

**Sec. 17. INDIAN AFFAIRS COUNCIL**

**Battle Point Historic Site**

50,000

This appropriation is to prepare preliminary plans for an interpretive center at the Battle Point historic site in Cass county on the Leech Lake Indian Reservation. The plans must provide for the center to be constructed on land leased to the Indian affairs council by the Leech Lake Band of Chippewa Indians under a ground lease having an initial term of at least 20 years and a total term of at least 40 years, including renewal options. During the term of the ground lease the facilities constructed on the land will be owned by the council, but when the ground lease expires the facilities constructed on the land will belong to the Leech Lake Band. The plans must provide for the council to contract with the Leech Lake Band to operate the center on behalf of the council. Through the center, the council shall carry out a program of public education on the history of the Battle Point site, with primary emphasis on the historical role of the Leech Lake Band. The center and all classes and programs run by or through the center must be open to the public.

**Sec. 18. ADMINISTRATION**

To the commissioner of administration for the purposes specified in this section

16,750,000

(a) Capital asset preservation and replacement account 2,500,000

This appropriation is from the capital asset preservation and replacement account created in new Minnesota Statutes, section 16A.632.

Unencumbered balances from appropriations in Laws 1985, First Special Session chapter 15, section 3, subdivision 2, item (a), and Laws 1987, chapter 400, section 3, item (a), may be used by the commissioner of administration to remove or encapsulate asbestos-containing materials when identified by a survey conducted by a recognized and licensed asbestos testing consultant as being the most hazardous to building occupants.

(b) Centennial Building 8,000,000

This appropriation is to complete renovation of the interior of the building.

(c) To repair the ventilation system in the Ford building 150,000

(d) For the Itasca Center Project 100,000

This appropriation is for a grant to Itasca county to plan for construction of the Itasca Center.

(e) Judicial Center 2,900,000

This appropriation is to complete phase I of the center and phase II planning.

(f) Plan to remodel State Capitol 300,000

(g) Agency Relocation 2,800,000

This appropriation is to the commissioner of administration from the general fund and is to provide for moving costs and estimated increased rental costs associated with agency relocations and shall not be used for the purchase of furniture related to agency relocations.

Notwithstanding any other law to the contrary, during the biennium in selecting sites for relocations, the commissioner shall place a priority on housing agencies in state-owned buildings whenever possible.

(h) Agriculture Department Building

The unobligated balance of the appropriation in Laws 1989, chapter 300, article 1, section 14, item (h), to select a site and plan for a new department of agriculture building, is canceled to the state bond fund.

(i) Public School Building Survey

The commissioner of administration, in cooperation with the commissioner of education, may conduct a survey of all public school buildings built after 1945 and before 1980 to determine the degree of physical accessibility for people with disabilities; may train school maintenance personnel to conduct on-site surveys to identify accessibility deficiencies in school buildings; and may prepare a report and workplan including schedules and cost estimates concerning necessary accessibility improvements. In preparing the report and workplan, the commissioner shall consult with and receive recommendations and priorities from the council on disability.

These activities shall be conducted in conjunction with the access survey being conducted for state-owned buildings, and the appropriation in Laws 1989, chapter 300, article 1, section 14, item (a), may be used for this purpose.

**Sec. 19. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD**

Roy Wilkins Memorial 300,000

The capitol area architectural and planning board shall establish a Roy Wilkins memorial in the capitol area. The board shall select an appropriate site for the memorial, establish design requirements, choose the design, and oversee construction of the memorial. In establishing the memorial, the board may accept money from nonstate sources and contract with other private or public agencies.

**Sec. 20. NATURAL RESOURCES**

Subdivision 1. To the commissioner of natural resources, except as otherwise specified, for the purposes specified in this section 17,950,000

**Subd. 2. State Forests, Parks, and Trails**

(a) To acquire state forest lands in the Richard J. Dorer Memorial Hardwood Forest 500,000

(b) For betterment of state parks according to the management plans required in Minnesota Statutes, chapter 86A 3,000,000

This appropriation is from the infrastructure development fund.

(c) To acquire and to better state trails 3,500,000

This appropriation is from the infrastructure development fund.

This appropriation is to acquire and to develop the Barnum to Carlton segment of the Willard Munger Trail, the Soo Line Trail, and the Paul Bunyan Trail.

Subd. 3. For the reinvest in Minnesota program under Minnesota Statutes, sections 40.40 to 40.45 3,000,000

This appropriation is from the infrastructure development fund.

Of this appropriation, \$600,000 is for acquisition of scientific and natural areas.

Of this appropriation, \$500,000 is for transfer to the critical habitat private sector matching account under Minnesota Statutes, section 84.943.

Subd. 4. To acquire and to better public water access sites under Minnesota Statutes, section 97A.141 700,000

Subd. 5. For flood plain management for grants under Minnesota Statutes, section 104.11 3,200,000

The commissioner of natural resources must give priority to projects with federal matching money and to projects currently under construction. Where practical, the commissioner shall encourage phased construction to maximize the number of projects started.

In the case of a grant for the Good Lake project in the Red Lake watershed district, the impoundment structure must be constructed on land leased to the Red Lake watershed district by the Red Lake Band of Chippewa Indians under a ground lease having an initial term of at least 20 years and a total term of at least 40 years, including renewal options. During the term of the ground lease the facilities constructed on the land will be owned by the watershed district.

Subd. 6. For the waterbank program under Minnesota Statutes, section 105.392 1,200,000

Subd. 7. Environmental Learning Centers  
The commissioner in cooperation with other affected agencies and residential and nonresidential learning center directors shall develop a long-range plan for the development and program coordination of environmental learning

centers statewide. The plan must focus on identifying programming needs, geographic areas to locate facilities, capital cost estimates for development and creation of a phased-in implementation strategy. The plan must be completed for presentation to the legislature by January 1, 1992.

Subd. 8. Repair Lake  
Bronson dam 300,000

Subd. 9. Buildings

The appropriations in this subdivision are to the commissioner of administration.

(a) Consolidate and renovate field  
offices statewide 1,000,000

(b) Replace underground storage tanks 250,000

(c) For phase I construction of  
the International Wolf Center 1,200,000

This appropriation is to the commissioner of administration to construct phase I of the International Wolf Center. The state board for community colleges and Vermilion community college shall assist in planning and constructing the facility. Vermilion community college shall serve as the administrative and fiscal agent for the International Wolf Center. Except for money specifically appropriated to the state board for community colleges for instructional programs affiliated with the International Wolf Center, operating or administrative costs for the International Wolf Center may not be provided from money appropriated to the state board for community colleges.

(d) Lac Qui Parle Visitor's Center 100,000

This appropriation is for planning and working drawings and archaeological excavation for a visitor center at Lac Qui Parle Wildlife Management Area.

The commissioner, in cooperation with the Minnesota Historical Society and the Chipewewa Area Soil and Water Conservation District, shall develop a plan for a visitor center at Lac Qui Parle Wildlife Management Area to be located at the historic mission site, more specifically described as a parcel of land lying northeast of County Road 32 in the northeast quarter of the southwest quarter of Section 13, township 118 north, range 42 west. This center must include sufficient facilities to accommodate the needs of the Minnesota Historical Society to provide displays and interpretive

facilities for the Native American culture and history of the area. The plan must allow for the development of the site in accordance with Minnesota Statutes, chapter 138 and be completed for presentation to the legislature by January 1, 1991.

**Sec. 21. PUBLIC FACILITIES AUTHORITY**

To the public facilities authority for the purposes specified in this section 30,954,000

(a) State Independent Grants Program under Minnesota Statutes, section 116.18, subdivision 3a 15,354,000

This appropriation is from the infrastructure development fund

\$8,854,000 is for grants for reimbursement projects authorized prior to January 1, 1989, under Minnesota Statutes, section 116.18, subdivision 3a, paragraph (c), for fiscal year 1991 to be distributed pro rata among the communities in amounts not to exceed their eligible grants. This appropriation is not available to communities that are eligible for federal grants.

\$5,500,000 is for continuation grants under Minnesota Statutes, section 116.18, subdivision 3a, paragraphs (a) and (b), for fiscal year 1991.

The legislative water commission shall study the financing of wastewater treatment projects. The study must include a review of the state independent grant program and recommendations on how the grant program should be modified to better complement the state revolving loan program. The department of trade and economic development and the pollution control agency shall cooperate in the study. The legislative water commission shall report its findings to the house and senate environment and natural resources committees, house appropriations committee, and the senate finance committee by January 1, 1991.

(b) State match to the federal grants to capitalize the state water pollution control revolving fund under Minnesota Statutes, section 446A.07 15,600,000

\$8,900,000 is for fiscal year 1991

\$6,700,000 is for fiscal year 1992

This appropriation is from the infrastructure development fund.

Any money in excess of the amount needed for the 20 percent state match to the federal grant may be used for grants under Minnesota Statutes, section 116.18, subdivisions 2a and 3a. Any money in excess of the amount needed to fund projects under paragraph (a), may be used for grants under Minnesota Statutes, section 116.18, subdivision 2a.

#### Sec. 22. POLLUTION CONTROL AGENCY

To the commissioner of the pollution control agency for the purposes specified in this section

27,225,000

(a) Combined sewer overflow grants under Minnesota Statutes, section 116.162

23,700,000

This appropriation is for the state's share of the cost of combined sewer overflow projects begun during fiscal years 1991 and 1992. The allocation to a city for projects begun in fiscal year 1991 or 1992 may be used, by choice of the city, to cover the shortfall in federal funding of projects begun by the city during fiscal year 1990, but the legislature does not intend to appropriate any more money for projects begun in fiscal year 1991 or 1992 because a city has chosen to use part of this appropriation for projects begun in fiscal year 1990.

Notwithstanding any law to the contrary, the city of St. Paul shall use all revenues derived from its clawback funding of sewer financing only for sewer separation projects that directly result in the elimination of combined sewer overflow.

(b) Litigation Settlements

250,000

This appropriation is from the infrastructure development fund.

This appropriation is for payment to municipalities to assist in settling claims made against the municipalities in litigation to which the state and the municipality are parties involving the construction of municipal wastewater treatment facilities funded partly by state matching wastewater treatment grant funds. No payment may be made to settle litigation with a municipality eligible for funding under the corrective action grant program, Minnesota Statutes, section 116.181. No funds shall be used to pay litigation costs. Payment shall be subject to an agreement to which the state and the municipality are parties. Any funds not obligated by December 31, 1990, may be used



for grants under Minnesota Statutes, section 116.18, subdivision 2a, or transferred to the public facilities authority for grants under Minnesota Statutes, section 116.18, subdivision 3a.

(c) Administrative costs under the wastewater construction grants program, Minnesota Statutes, section 116.18, subdivisions 2a and 3a

925,000

This appropriation is from the infrastructure development fund.

Effective July 1, 1991, bond proceeds may not be used to pay the salaries and other administrative expenses of state employees in the pollution control agency. The governor's budget request to the 1991 legislature should include a request for the amounts necessary to pay these expenses from the general fund or other funds that do not consist of bond proceeds.

(d) For supplemental grant adjustments to those municipalities identified in Minnesota Statutes, section 116.18, subdivision 3d

2,350,000

This appropriation is from the infrastructure development fund.

A supplemental grant must not exceed 2.5 percent of the total eligible construction costs.

#### Sec. 23. WASTE MANAGEMENT

To the director of the office of waste management for capital assistance program grants under Minnesota Statutes, section 115A.54

7,000,000

#### Sec. 24. TRADE AND ECONOMIC DEVELOPMENT

To the commissioner of trade and economic development for the purposes specified in this section

7,500,000

(a) Convention Center Facilities

500,000

This appropriation is for a grant to the city of Minneapolis to construct a convention center parking facility. The city of Minneapolis shall transfer to the Greater Minneapolis Convention and Visitors Association an annual amount equal to the projected debt service as a supplement to the association's budget.

(b) Local Recreation Grants

2,000,000

This appropriation is from the infrastructure development fund.

This appropriation is to acquire and to better recreation open space projects upon application by local units of government and Indian tribes and bands recognized by the federal government. Projects that receive federal grants must be given priority. A grant under this paragraph is not contingent upon the receipt of federal grants. A project may receive grant assistance of up to 50 percent of the total capital cost of the project or, if federal money is used, 50 percent of the local share. A project must not receive grant assistance of more than \$400,000. A local unit of government must not receive more than one grant during each fiscal biennium.

\$625,000 is granted for projects outside the metropolitan area that is defined in Minnesota Statutes, section 473.121, subdivision 2.

Up to ten percent of the appropriation for local recreation grants may be used for acquisition of park land that is currently used as a park and is being leased by a local unit of government. This portion of the appropriation is not subject to the 50 percent local match. A local unit of government receiving a grant under this provision must agree to operate and maintain the park.

(c) Metropolitan Open Space

5,000,000

This appropriation is from the infrastructure development fund.

This appropriation is for payment by the commissioner of energy and economic development to the metropolitan council established under Minnesota Statutes, section 473.123. The commissioner shall transfer the amount to the metropolitan council upon receipt of a certified copy of a council resolution requesting payment. The appropriation must be used to pay the cost of acquisition and betterment by the metropolitan council and local government units of regional recreational open space lands in accordance with the council's policy plan as provided in Minnesota Statutes, sections 473.315 and 473.341, including relocation costs and tax equivalents required to be paid by Minnesota Statutes, sections 473.315 and 473.341.

Using the authority granted in Minnesota Statutes, section 473.325, the metropolitan council may authorize the issuance of general obligation bonds of the council for the acquisition and betterment of regional recreational

open space. The bonds must be issued as provided in and subject to the dollar limitation of Minnesota Statutes, section 473.325.

None of the proceeds from the sale of bonds authorized by this appropriation or by the sale of metropolitan council bonds may be used to reimburse a development agency of a city of the first class for land acquisition or development costs incurred prior to 1988.

**(d) Duluth Zoo**

The amount appropriated for a grant to the Duluth zoo in Laws 1989, chapter 335, article 1, section 25, subdivision 6, may be granted in more than one disbursement. Each disbursement is available after the commissioner of finance has determined that the portion of the grant to be disbursed has been matched by an equal amount from nonstate sources.

The appropriation in Laws 1989, chapter 335, article 1, section 25, subdivision 6, of \$500,000 in the first year for the Duluth Zoo does not cancel at the end of the first year and is available for the second year of the biennium.

**Sec. 25. MINNESOTA AMATEUR SPORTS COMMISSION**

To the Minnesota amateur sports commission for the purposes specified in this section

5,000,000

**(a) Construct Holmenkollen ski jump in Bloomington**

2,500,000

This appropriation is for a grant to the city of Bloomington and is available only after the commissioner of finance has determined that the city of Bloomington has committed \$2,500,000 and private contributors have committed \$2,500,000 to complete the project.

**(b) Construct indoor national shooting sports center at Giant's Ridge in Biwabik**

2,500,000

This appropriation is for a grant to the iron range resources and rehabilitation board to construct a national shooting sports center for the Olympic sports of shooting and archery.

**(c) Expand seating capacity of National Sports Center in Blaine**

\$8,500,000 is appropriated from the proceeds of sports facility revenue bonds.

This appropriation is not available until the

commission has executed a contract with the United States Soccer Federation naming the National Sports Center in Blaine a site for the 1994 World Cup of Soccer and the commissioner of finance has determined that the sports commission has secured revenue from local and private sources that will be sufficient to retire the bonds sold to finance this appropriation. The bonds sold for this appropriation shall be revenue bonds. The legislature intends not to appropriate money from the general fund to pay for these bonds.

**Sec. 26. HOUSING FINANCE AGENCY**

**Transitional Housing**

1,500,000

This appropriation is for transfer to the local government unit housing account created by new Minnesota Statutes, section 462A.202, in the housing development fund.

**Sec. 27. MILITARY AFFAIRS**

To the adjutant general to prepare plans for an education center at Camp Ripley

200,000

The adjutant general shall use the unencumbered balance from the appropriation in Laws 1984, chapter 597, section 9, paragraph (d), for the planning of a new armory and military affairs building. The department of military affairs shall continue to occupy the veterans service building until the department has secured the federal funds and the legislature has acted on a governor's recommendation for funding of a new armory/military affairs building.

**Sec. 28. BOND SALE EXPENSES**

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8

386,000

**Sec. 29. DEBT SERVICE**

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 1991, no more than \$369,000,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds, other than general obligation special tax bonds or infrastructure development bonds. Before each sale of state general obligation bonds, the commissioner of

finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 30. [BOND SALE.]

*Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the state bond proceeds fund the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$109,525,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.*

*Subd. 2. [INFRASTRUCTURE DEVELOPMENT FUND.] To provide the money appropriated in this act from the infrastructure development fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$243,665,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.*

*Subd. 3. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$11,200,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.*

Sec. 31. [PLANNING.]

*During the biennium, in its planning for new program offerings at a particular institution, each public post-secondary education governing board shall consider the availability of physical space and the adequacy of facilities at that institution. If the board determines that new space or facilities are required, it shall examine the feasibility of developing the program at a different institution within its system or in cooperation with other systems.*

Sec. 32. [BOND SALE REDUCTION.]

*The bond sale authorization in Laws 1979, chapter 300, section 4, subdivision 3 for construction of local dams is reduced by \$129,000.*

Sec. 33. Minnesota Statutes 1989 Supplement, section 16A.631, is amended to read:

16A.631 [BOND PROCEEDS FUND.]

The bond proceeds fund is established to receive ~~state bond~~ the proceeds

appropriated to agencies to acquire and to better public land and buildings and other public improvements of a capital nature; as authorized by of state bonds issued under the constitution, article XI, section 5, clause (a). The commissioner shall establish in the fund accounts having titles that reflect the state purpose or program for which the bond proceeds are appropriated and authorized to be expended.

Sec. 34. [16A.632] [CAPITAL ASSET PRESERVATION AND REPLACEMENT ACCOUNT.]

*Subdivision 1. [ESTABLISHMENT.] A capital asset preservation and replacement account is established in the state bond proceeds fund established by section 16A.631, separate from any other accounts maintained in that fund, to receive state bond proceeds appropriated to the commissioner of administration to be expended for the purpose and in accordance with the standards and criteria set forth in this section.*

*Subd. 2. [STANDARDS.] Article XI, section 5, clause (a), of the constitution states general obligation bonds may be issued to finance only the acquisition or betterment of state land, buildings, and improvements of a capital nature. In interpreting this and applying it to the purposes of the program contemplated in this section, the following standards are adopted for the disbursement of money from the capital asset preservation and replacement account:*

*(a) No new land, buildings, or major new improvements will be acquired. These projects, including all capital expenditures required to permit their effective use for the intended purpose on completion, will be estimated and provided for individually through a direct appropriation for each project.*

*(b) An expenditure will be made from the account only when it is a capital expenditure on a capital asset previously owned by the state, within the meaning of accepted accounting principles as applied to public expenditures. The commissioner of administration will consult with the commissioner of finance to the extent necessary to ensure this and will furnish the commissioner of finance a list of projects to be financed from the account in order of their priority. The commissioner shall also furnish each revision of the list. The legislature assumes that many provisions for preservation and replacement of portions of existing capital assets will constitute betterments and capital improvements within the meaning of the constitution and capital expenditures under correct accounting principles, and will be financed more efficiently and economically under the program than by direct appropriations for specific projects. However, the purpose of the program is to accumulate data showing how additional costs may be saved by appropriating money from the general fund for preservation measures, the necessity of which is predictable over short periods.*

*(c) The commissioner of administration will furnish instructions to agencies to apply for funding of capital expenditures for preservation and replacement from the account, will review applications, will make initial allocations among types of eligible projects enumerated below, will determine priorities, and will allocate money in priority order until the available appropriation has been committed. Under section 14.02, subdivision 4, these instructions and allocations do not constitute rules and the other provisions of chapter 14 do not apply to them.*

*(d) Categories of projects considered likely to be most needed and appropriate for financing are the following:*

(1) *unanticipated emergencies of all kinds, for which a relatively small amount should be initially reserved, replaced from money allocated to low-priority projects, if possible, as emergencies occur, and used for stabilization rather than replacement if the cost would exhaust the account and should be specially appropriated;*

(2) *projects to remove life safety hazards, like replacement of mechanical systems, building code violations, or structural defects, at costs not large enough to require major capital requests to the legislature;*

(3) *elimination or containment of hazardous substances like asbestos or PCBs; and*

(4) *moderate cost replacement and repair of roofs, windows, tuckpointing, and structural members necessary to preserve the exterior and interior of existing buildings.*

*Subd. 3. [CRITERIA FOR PRIORITY.] Criteria can be stated only in general terms, as it is the purpose of the program to improve the allocation of limited amounts of borrowed money by enlisting the engineering expertise of the department of administration and the closer knowledge and experience of this and all other agencies in determining relative needs as they develop. The following criteria must be considered:*

*(a) Urgency in ensuring the safety of use of existing buildings is the first criterion to be applied. It will require judgments, for example, about the useful life of electric and mechanical systems and roofs, in relation to the remaining useful life of each building, and about the presence of hazardous substances and structural defects in the light of present building regulations.*

*(b) Economy is also to be determined and may even reinforce a decision based on the first criterion, if the project would forestall a larger future capital expenditure or would reduce operating expense.*

*(c) Absolute cost must also be considered. It may be too high to warrant funding except by an additional appropriation, or so high as to warrant a recommendation to abandon or to replace the building. It may be so low as to permit payment out of an agency's operating budget.*

Sec. 35. Minnesota Statutes 1988, section 16A.641, subdivision 6, is amended to read:

**Subd. 6. [TAXABILITY; CERTIFICATION.] The commissioner shall ascertain from state records and certify to the holders of each series of state bonds, subject to the approval of the attorney general, that all conditions exist and all actions have been taken that are needed to make the bonds valid and binding general obligations of the state in accordance with their terms. The commissioner shall also certify for the state the facts, estimates, and circumstances on the date of issue that lead the commissioner reasonably to expect that the proceeds will not be used in a way that would make the bonds arbitrage bonds under section 103(e) of the Internal Revenue Code and related federal regulations.**

*The bonds may be issued with or without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes. If it is intended that the interest on the bonds be exempt from federal income taxes, the commissioner shall certify for the state on the date of issue the facts, estimates, and circumstances that lead the commissioner reasonably to expect that the proceeds of the bonds and the projects financed by them*

*will not be used in a way that would cause the interest on the bonds to be subject to federal income taxes. The commissioner may covenant with the holders of the bonds that the state will comply with the provisions of the United States Internal Revenue Code then or later enacted that apply 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. The commissioner and all other state officers shall act or refrain from acting as necessary to comply with the covenants. A sum sufficient to meet the cost of compliance is annually appropriated to the commissioner from the general fund.*

Sec. 36. Minnesota Statutes 1989 Supplement, section 16A.641, subdivision 7, is amended to read:

Subd. 7. [CREDIT OF PROCEEDS.] (a) Proceeds of bonds issued under each law must be credited by the commissioner to a special fund, as provided in this subdivision.

(b) Accrued interest and any premium received on sale of the bonds must be credited to the state bond fund created by the constitution, article XI, section 7.

(c) *Except as otherwise provided by law, proceeds of state building bonds issued under the constitution, article XI, section 5, clause (a), must be credited to the bond proceeds fund under established by section 16A.631.*

(d) Proceeds of state highway bonds must be credited to the trunk highway fund under the constitution, article XIV, section 6.

(e) Proceeds of bonds issued for programs of grants or loans to political subdivisions must be credited to special accounts in the bond proceeds fund or to special funds established by laws stating the purposes of the grants or loans, and the standards and criteria under which an executive agency is authorized to make them.

(f) Proceeds of refunding bonds must be credited to the state bond fund as provided in section 16A.66, subdivision 1.

(g) *Proceeds of other bonds must be credited as provided in the law authorizing their issuance.*

Sec. 37. [16A.662] [INFRASTRUCTURE DEVELOPMENT BONDS.]

*Subdivision 1. [INFRASTRUCTURE DEVELOPMENT FUND.] The infrastructure development fund is created as an account in the state treasury. The commissioner of finance shall credit to the fund income from the sources provided by law. The commissioner of finance shall from time to time certify to the state board of investment the assets of the fund not currently needed. The amount certified must be invested by the state board of investment subject to section 11A.24. Investment income and investment losses attributable to investment of fund assets must be credited to or borne by the fund.*

Subd. 2. [BONDS AUTHORIZED.] *When authorized by law enacted in accordance with the constitution, article XI, sections 5 and 7, the commissioner may by order sell and issue infrastructure development bonds of the state evidencing public debt incurred for any purpose stated in the law. The bonds are general obligations of the state, and the full faith and credit of the state are pledged for their payment.*

Subd. 3. [MANNER OF ISSUANCE; MATURITIES.] *The bonds must*



*be issued and sold in accordance with section 16A.641. Sections 16A.672 and 16A.675 apply to the bonds.*

*Subd. 4. [ESTABLISHMENT OF DEBT SERVICE ACCOUNT; APPROPRIATION OF DEBT SERVICE ACCOUNT MONEY.] There is established within the state bond fund a separate and special account designated as the infrastructure development bond debt service account. There must be transferred to this debt service account in each fiscal year from money in the infrastructure development fund, other than bond proceeds and interest earned on bond proceeds, an amount sufficient to increase the balance on hand in the debt service account on each December 1 to an amount equal to the full amount of principal and interest to come due on all outstanding infrastructure development bonds to and including the second following July 1. The amount necessary to make the transfer is appropriated from the infrastructure development fund. The money on hand in the debt service account must be used solely for the payment of the principal of, and interest on, the bonds, and is appropriated for this purpose. This appropriation does not cancel as long as any of the bonds remain outstanding.*

*Subd. 5. [ASSESSMENT TO HIGHER EDUCATION SYSTEMS.] (a) In order to reduce the amount otherwise required to be transferred under subdivision 4, the commissioner of finance shall assess each higher education system for one-third the amount that would otherwise need to be transferred with respect to infrastructure development bonds sold to finance capital improvement projects at institutions under the control of the system; provided that, to the extent that the amount to be transferred is for payment of principal and interest on bonds sold to finance life safety improvements, the commissioner must not assess the higher education systems for the transfer.*

*(b) After each sale of infrastructure development bonds, the commissioner of finance shall notify the state board for vocational technical education, the state board for community colleges, the state university board, and the regents of the University of Minnesota of the amounts for which each system is responsible for each year for the life of the bonds. The amounts payable each year are reduced by one-third of the net income from investment of infrastructure development bond proceeds that must be allocated among the systems in proportion to the amount of principal and interest otherwise required to be paid by each. Each higher education system shall pay its annual share of debt service payments to the commissioner of finance by December 1 each year. If a higher education system fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise payable to the system to cover the amount of the missed debt service payment. The commissioner of finance shall credit the payments received from the higher education systems to the infrastructure development bond debt service account in the state bond fund each December 1 before the transfer is made under subdivision 4.*

*Subd. 6. [APPROPRIATION FROM GENERAL FUND.] There is annually appropriated from the general fund for transfer to the infrastructure development bond debt service account the amount that, added to the amount in the infrastructure development bond debt service account on December 1 each year, after giving effect to subdivisions 4 and 5, is equal to the full amount of principal and interest to come due on all bonds to and including July 1 in the second ensuing year.*

*Subd. 7. [CONSTITUTIONAL TAX LEVY.] Under the constitution, article XI, section 7, the state auditor must levy each year on all taxable property within the state a tax sufficient, with the amount then on hand in the infrastructure development bond debt service account, to pay all principal and interest on the bonds due and to become due to and including July 1 in the second ensuing year. The tax is not subject to limit as to rate or amount. However, the amount of money appropriated from other sources as provided in subdivisions 4, 5, and 6, and actually received and on hand before the levy in any year, reduces the amount of the tax otherwise required to be levied. The proceeds of the tax must be credited to the infrastructure development bond debt service account.*

*Subd. 8. [APPLICATION AND APPROPRIATION OF PROCEEDS.] The proceeds of the bonds must be deposited and spent as provided in this subdivision and are appropriated for those purposes. Any accrued interest and any premium received on the sale of the bonds must be credited to the infrastructure development bond debt service account. Except as otherwise required by law, the balance of the bond proceeds shall be credited to the infrastructure development fund and spent for the purposes specified in the law authorizing the issuance of the bonds. So much of the proceeds as is necessary must be used to pay costs incurred in issuing and selling the bonds.*

**Sec. 38. [TUITION NOT INCREASED.]**

*Tuition must not be increased to meet each higher education system's annual share of debt service payments. Existing internal resources must be used to meet each system's share as follows: (i) existing instructional funds must be used for capital improvement projects for instructional purposes, and (ii) existing noninstructional funds must be used for capital improvement projects for noninstructional purposes. This section is repealed July 1, 1991.*

**Sec. 39.** Minnesota Statutes 1988, section 16A.672, is amended by adding a subdivision to read:

*Subd. 9a. [TAXABILITY; CERTIFICATION.] Certificates may be issued with or without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes. If it is intended that the interest on the certificates be exempt from federal income taxes, the commissioner shall certify for the state on the date of issue the facts, estimates, and circumstances that lead the commissioner reasonably to expect that the proceeds of the certificates will not be used in a way that would cause the interest on the certificates to be subject to federal income taxes. The commissioner may covenant with the holders of the certificates that the state will comply with the provisions of the United States Internal Revenue Code then or later enacted that apply or may apply to the certificates and that establish conditions under which the interest to be paid on the certificates will not be subject to federal income taxes. The commissioner and all other state officers shall act or refrain from acting as necessary to comply with the covenants. A sum sufficient to meet the cost of compliance is annually appropriated to the commissioner from the general fund.*

**Sec. 40.** Minnesota Statutes 1989 Supplement, section 16A.69, subdivision 1, is amended to read:

**Subdivision 1. [APPROPRIATIONS INTO SINGLE PROJECT ACCOUNT.]** The commissioner shall place the money from two or more

appropriations for the same or related projects in one account if all the appropriations do not lapse until their purposes are accomplished or abandoned. The ~~commissioner of administration~~ agency to whom the appropriation was made shall first certify which accounts are involved to the commissioner.

Sec. 41. Minnesota Statutes 1988, section 16B.31, is amended by adding a subdivision to read:

*Subd. 6. [STATE BUILDINGS.] (a) The commissioner of administration, in cooperation with the commissioner of finance shall:*

*(1) establish a state building classification system for state-owned buildings, with each class representing a different quality of building construction, to be incorporated into the capital budget format and instructions; and*

*(2) create and maintain an inventory of all major state buildings and office space owned or leased by the state, including a classification system on the condition and suitability of each major building.*

*(b) The commissioner of administration shall present to the legislature a supportable cost analysis whenever the commissioner proposes, for the purpose of providing state agency office space, to:*

*(1) enter into a lease for more than 50,000 square feet or for more than five years;*

*(2) enter into a lease-purchase agreement or an agreement to lease with option to buy property;*

*(3) purchase an existing building; or*

*(4) construct a new building.*

Sec. 42. Minnesota Statutes 1989 Supplement, section 16B.335, subdivision 2, is amended to read:

*Subd. 2. [OTHER PROJECTS.] All other capital projects except for those contained in agency operations budgets, including building improvements, small structures at experiment stations, asbestos removal, life safety, PCB removal, tuckpointing, roof repair, code compliance, landscaping, drainage, electrical and mechanical systems work, paving of streets, parking lots, and the like must not proceed until the agency undertaking the project has notified the chair of the senate finance committee and the chair of the house appropriations committee that the work is ready to begin.*

Sec. 43. Minnesota Statutes 1988, section 116O.12, is amended to read:

116O.12 [GREATER MINNESOTA ACCOUNT.]

*(a) The Greater Minnesota account is in the special revenue fund. Money in the account not needed for the immediate purposes of the corporation may be invested by the state board of investment in any way authorized by section 11A.24. Money in the account is appropriated to the corporation to be used as provided in this chapter.*

*(b) The account 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;

(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 account. 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 account~~ *other income credited to the account by law.*

Sec. 44. Minnesota Statutes 1988, section 116P04, subdivision 3, is amended to read:

Subd. 3. [REVENUE.] ~~Revenue collected in accordance with subdivision 2 must be deposited monthly in the trust fund account.~~ Nothing in sections 116P01 to 116P12 limits the source of contributions to the trust fund.

Sec. 45. [BOND ISSUE; MAXIMUM EFFORT LOANS; 1990.]

*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 \$23,000,000, in addition to the bonds already authorized for this purpose. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.*

Sec. 46. Minnesota Statutes 1988, section 136.62, is amended by adding a subdivision to read:

Subd. 8. [AUTHORIZATION TO SEEK FINANCING.] *A community college must not seek financing for child care facilities through the higher education facilities authority, as provided in section 47, without the explicit authorization of the state board.*

Sec. 47. Minnesota Statutes 1988, section 136A.28, subdivision 3, is amended to read:

Subd. 3. "Project" means a structure or structures available for use as a dormitory or other student housing facility, a dining hall, student union, administration building, academic building, library, laboratory, research facility, classroom, athletic facility, health care facility, *child care facility*, and maintenance, storage, or utility facility and other structures or facilities related thereto or required or useful for the instruction of students or the conducting of research or the operation of an institution of higher education, whether proposed, under construction, or completed, including parking and other facilities or structures essential or convenient for the orderly conduct of such institution for higher education, and shall also include landscaping, site preparation, furniture, equipment and machinery and other similar items necessary or convenient for the operation of a particular facility or structure in the manner for which its use is intended but shall not include

such items as books, fuel, supplies or other items the costs of which are customarily deemed to result in a current operating charge, and shall not include any facility used or to be used for sectarian instruction or as a place of religious worship nor any facility which is used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination.

Sec. 48. Minnesota Statutes 1988, section 136A.28, subdivision 7, is amended to read:

Subd. 7. "Participating institution of higher education" means an institution of higher education ~~which, pursuant to that, under~~ the provisions of sections 136A.25 to 136A.42, undertakes the financing and construction or acquisition of a project or undertakes the refunding or refinancing of obligations or of a mortgage or of advances as provided in sections 136A.25 to 136A.42. *Community colleges and technical colleges may be considered participating institutions of higher education for the purpose of financing and constructing child care facilities.*

Sec. 49. Minnesota Statutes 1988, section 136C.04, subdivision 4, is amended to read:

Subd. 4. [BUDGET REQUESTS.] The state board shall review and approve, disapprove, or modify the biennial budget requests for post-secondary vocational education operations and facilities submitted by the state director. The state board shall submit the approved biennial budget requests to the governor. *A technical college must not seek financing for child care facilities through the higher education facilities authority, as provided in section 47, without the explicit authorization of the state board.*

Sec. 50. Minnesota Statutes 1989 Supplement, section 136C.05, subdivision 5, is amended to read:

Subd. 5. [USE OF PROPERTY.] (a) A school board must not sell, lease, or assign technical institute property for purposes other than technical institute activities without the approval of the state director. A school board need not obtain approval for uses that are incidental.

*(b) Notwithstanding section 123.36, subdivision 13, proceeds from the sale, exchange, lease, or assignment of technical college land or buildings shall be used to repay any remaining debt service on the land or buildings. Subject to the approval of the state director, any remaining proceeds shall be placed in the post-secondary capital expenditure, repair and replacement, or construction fund.*

*(c) The proceeds of any arbitration or litigation resulting from claims involving technical college property shall be placed in the technical college repair and replacement fund.*

Sec. 51. Minnesota Statutes 1988, section 136C.07, subdivision 5, is amended to read:

Subd. 5. No district shall expend funds from any source for the acquisition or betterment of lands or buildings or, for capital improvements, or for plans or specifications for betterment of lands or buildings needed for a technical institute without the approval of the state board and authorization by specific legislative act if that acquisition, betterment or capital improvement requires the expenditure of \$250,000 or more, or adds more than 1,000 gross square feet to a post-secondary vocational facility, or requires the issuance of school district bonds. No acquisition or betterment of lands

or buildings or capital improvement which requires the expenditure of \$50,000 or more but less than \$250,000 or which changes the perimeter walls of an existing facility shall be carried out without the approval of the state board. No acquisition or betterment of lands or buildings or capital improvement which requires the expenditure of less than \$50,000, which does not change a perimeter wall and which does not require the issuance of school district bonds, shall be carried out without the approval of the state director of vocational technical education. As used in this subdivision, the terms "acquisition" and "betterment," as applied to lands and buildings, and "capital improvement" shall have the meanings ascribed to them in chapter 475, but shall not include the acquisition or betterment of machinery or equipment.

Sec. 5. Minnesota Statutes 1989 Supplement, section 349A.10, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF NET PROCEEDS.] Within 30 days after the end of each month, the director shall ~~pay to the state treasurer~~ *deposit in the state treasury the net proceeds of the lottery, which is the balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, 40 percent must be credited to the Minnesota environment and natural resources trust fund, 28.3 percent must be credited to the infrastructure development fund for capital improvement projects at state institutions of higher education, 6.7 percent must be credited to the infrastructure development fund for capital improvement projects to develop or protect the state's environment and natural resources, and, through the first ten full fiscal years during which proceeds from the lottery are received, 25 percent must be credited to the Greater Minnesota account in the special revenue fund.*

Sec. 53. [462A.202] [LOCAL GOVERNMENT UNIT HOUSING ACCOUNT.]

*Subdivision 1. [ACCOUNT.] The local government unit housing account is established as a separate account in the housing development fund. Money in the account is appropriated to the agency for the purposes specified in this section.*

*Subd. 2. [TRANSITIONAL HOUSING.] The agency may make loans or grants to local government units to finance the acquisition, improvement, and rehabilitation of existing housing properties for the purposes of providing transitional housing, upon terms and conditions the agency determines. Preference must be given to local government units that propose to acquire properties being sold by the resolution trust corporation or the department of housing and urban development. The local government unit may contract with a nonprofit or for-profit organization to manage the property and to operate a transitional housing program on the property on behalf of the local government unit, on terms and conditions approved by the agency. The local government unit shall retain ownership of the property for at least 20 years. After 20 years, the sale of a property before the expiration of its useful life must be at its fair market value, and the net proceeds of sale must be used for the same purpose or repaid to the agency for deposit in the local government unit housing account.*

*Subd. 3. [PUBLICLY OWNED HOUSING REHABILITATION AND MODERNIZATION.] The agency may make loans or grants to local government units to finance the rehabilitation and modernization of publicly owned housing units. The local government unit shall retain ownership of*

*the property for at least 20 years. The sale of property prior to the expiration of its useful life shall be at its fair market value, and the net proceeds of sale shall be used for the same purpose or repaid to the agency for deposit in the account established in subdivision 1.*

*Subd. 4. [SUBSIDIZED RENTAL HOUSING PRESERVATION.] The agency may make loans or grants to local government units to finance the acquisition and rehabilitation of federally subsidized multifamily rental housing for the purpose of preserving the housing for the use of low- and moderate-income persons, upon the terms and conditions as the agency may determine. The local government unit may contract with a nonprofit or for-profit organization to manage the property, on terms and conditions approved by the agency. The local government unit shall retain ownership of the property for at least 20 years. The sale of a property prior to the expiration of its useful life shall be at its fair market value, and the net proceeds of sale shall be used for the same purpose or repaid to the agency for deposit in the account established in subdivision 1.*

*Subd. 5. [SPECIFIC APPROPRIATION NECESSARY.] The agency may only make grants or loans to local governments under subdivisions 3 and 4 from funds specifically appropriated by the legislature for that purpose.*

**Sec. 54. [CONSTITUTIONAL AMENDMENT.]**

*The following amendment to the Minnesota Constitution, article XI, section 14, 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. Not less than 40 percent of the net proceeds from any state-operated lottery must be credited to the fund until the year 2001.*

**Sec. 55. [SUBMISSION TO VOTERS.]**

*The proposed amendment shall be submitted to the people at the 1990 general election. The question submitted shall be:*

*"Shall the Minnesota Constitution be amended to dedicate not less than 40 percent of the net proceeds from the state lottery to the Minnesota environment and natural resources trust fund for environment, natural resources, and wildlife purposes until the year 2001?"*

*Yes . . . . .*  
*No . . . . . "*

*Sec. 56. Laws 1979, chapter 280, section 2, as amended by Laws 1982, chapter 617, section 25, Laws 1985, chapter 299, section 39, Laws 1985, First Special Session, chapter 16, article 2, section 16, and Laws 1989, chapter 300, article 1, section 34, is amended to read:*

Sec. 2. [APPROPRIATION.] Subdivision 1. \$60,000,000, or so much thereof as is determined to be needed, is appropriated from the Minnesota state transportation fund to the department of transportation to be expended for disbursement in the form of grants by the commissioner of transportation for construction and reconstruction of key bridges on the state transportation system and shall be allocated pursuant to subdivisions 2 and 3. The appropriation shall not lapse, but shall remain available until expended.

Subd. 2. ~~\$58,500,000~~ (a) \$59,309,000 or so much thereof as is needed, is available for expenditure for grants to political subdivisions for construction and reconstruction of key bridges on highways, streets and roads under their jurisdiction. The grants shall not exceed the following aggregate amounts:

(1) To counties . . . . . ~~\$16,220,000~~ \$16,720,000

(2) To home rule charter and statutory cities . . . . . ~~\$2,620,000~~  
\$2,729,000

(3) To towns . . . . . ~~\$23,160,000~~ \$23,360,000

(b) Grants under clauses (1) to (3) may be used by political subdivisions to match federal-aid grants for construction and reconstruction of key bridges under their jurisdictions. Additional grants may be made in an aggregate amount not to exceed \$16,500,000 to the political subdivisions to match federal-aid grants for construction and reconstruction of key bridges under their jurisdiction. Appropriations made in subdivisions 1, 2, ~~or~~ and 3 may also be used for the following purposes:

(1) The costs of abandoning an existing bridge that is deficient and is in need of replacement, but where no replacement will be made.

(2) The costs of constructing a road or street that would facilitate the abandonment of an existing bridge determined to be deficient. The construction of the road or street must be judged to be more cost efficient than the reconstruction or replacement of the existing bridge.

Subd. 3. An additional amount not to exceed ~~\$1,500,000~~ \$691,000 is available for grants for preliminary engineering and environmental studies pursuant to ~~section 3~~ *Minnesota Statutes, section 174.50, subdivision 6a.*

Sec. 57. Laws 1989, chapter 329, article 5, section 21, subdivision 8, is amended to read:

Subd. 8. [MAXIMUM EFFORT SCHOOL LOAN FUND.] For the maximum effort school loan fund:

\$855,500 . . . . . 1990

~~\$2,100,000~~ \$3,082,000 . . . . . 1991

These appropriations shall be placed in the loan repayment account of the maximum effort school loan fund for the payment of the principal and interest on school loan bonds, as provided in Minnesota Statutes, section 124.46, to the extent that money in the fund is not sufficient to pay when due the full amount of principal and interest due on school loan bonds. The purpose of these appropriations is to ensure that sufficient money is available in the fund to prevent a statewide property tax levy as would otherwise be required pursuant to Minnesota Statutes, section 124.46, subdivision 3. Notwithstanding the provisions of Minnesota Statutes, section 124.39, subdivision 5, any amount of the appropriation made in this section which is not needed to pay when due the principal and interest due on school loan bonds shall not be



transferred to the debt service loan account of the maximum effort school loan fund but instead shall cancel and revert to the general fund.

The 1990 appropriation does not cancel and is available until July 1, 1991.

Sec. 58. [JOINT LEGISLATIVE STUDY.]

*Subdivision 1. [MEMBERSHIP] A joint legislative study on capital needs shall be conducted. The study shall be overseen by a panel composed of the following:*

*(1) four members of the senate, two of whom must be members of the majority caucus and two of whom must be members of the minority caucus, appointed by the subcommittee on committees of the committee on rules and administration;*

*(2) four members of the house of representatives, two of whom must be members of the majority caucus and two of whom must be members of the minority caucus, appointed by the speaker;*

*(3) the commissioner of finance or the commissioner's designee; and*

*(4) the commissioner of administration or the commissioner's designee.*

*Subd. 2. [DUTIES.] The study shall consider ways to improve the process for planning and funding state capital projects. The study shall consider:*

*(1) current and future needs for new state buildings;*

*(2) repair and maintenance needs of existing buildings;*

*(3) existing and future use of leased office space or buildings;*

*(4) all matters concerning the maintenance, remodeling, and furnishing of the governor's residence;*

*(5) other public capital improvements;*

*(6) methods of improving the capital budget process;*

*(7) including operating costs for all recommended building or remodeling projects in capital budget requests;*

*(8) establishing and continually maintaining a long-term plan for state building needs and capital improvements;*

*(9) examining alternative methods of planning state capital improvements;*

*(10) examining alternative methods of financing state capital improvements;*

*(11) determining the kinds and scope of projects that should be funded with bond proceeds; and*

*(12) whether a building commission should be established.*

*Subd. 3. [REPORT.] The findings and recommendations of the study shall be reported to the house appropriations and senate finance committees by February 1, 1991.*

Sec. 59. [REPEALER.]

*Minnesota Statutes 1988, sections 16A.651; 16A.661, subdivision 6; and 116P.04, subdivision 2, are repealed.*

Sec. 60. [EFFECTIVE DATE.]

*This article is effective the day after its final enactment. Section 51 applies to plans and specifications prepared after that date.*

## ARTICLE 2

Section 1. Minnesota Statutes 1988, section 16B.16, is amended by adding a subdivision to read:

*Subd. 3. [LEGISLATIVE INTENT.] The purpose of the energy efficiency installment purchase contracts authorized by this section is to save money on energy costs. The entire cost of the contract must be a percentage of the resultant savings in energy costs. Neither the state nor any state agency is liable to make payments on the contract except to the extent that there are savings in energy costs that must be shared with other parties to the contract. The legislature intends not to appropriate any more money to pay for energy costs as a result of these contracts than would be payable without them.*

Sec. 2. Minnesota Statutes 1988, section 41A.03, subdivision 5, is amended to read:

*Subd. 5. [LIMITATION ON LIABILITY.] The liability of the state for loan guaranties or bonds authorized under this chapter is limited to the amount of funds appropriated to the guaranty fund pursuant to section 41A.06. The legislature intends not to appropriate money from the general fund to the guaranty fund, other than the sales and use taxes from a project as provided for in section 41A.06, subdivision 4. The loan guaranties or bonds are not a general obligation or debt of the state.*

Sec. 3. Minnesota Statutes 1988, section 136.31, subdivision 1, is amended to read:

Subdivision 1. All references in sections 136.31 to 136.38 to the state university board shall be deemed and construed to include any successor thereof created or established by law. The state university board is hereby authorized to do the following:

(a) acquire by purchase or otherwise, construct, complete, remodel, equip, operate, control, and manage residence halls, dormitories, dining halls, student union buildings and any other similar revenue-producing buildings of such type and character as said board shall from time to time find necessary for the good and benefit of any of the state universities under the jurisdiction of said board, and for that purpose may acquire property of any and every kind and description, whether real, personal or mixed, by gift, purchase or otherwise; provided that no contract for the construction of any building shall be entered into until financing therefor has been approved by the legislature;

(b) maintain and operate any such buildings or structures and charge for the use thereof, and carry on such activities, as are commonly conducted in connection with any such buildings or structures;

(c) enter into contracts touching in any manner or any matter within the objects and purposes of sections 136.31 to 136.38;

(d) acquire building sites and buildings or structures by gift, purchase or otherwise and pledge the revenues thereof for the payment of any bonds issued for such purpose as provided in sections 136.31 to 136.38;

(e) borrow money and issue and sell bonds in such amount or amounts as the legislature shall authorize for the purpose of acquiring, constructing,

completing, remodeling, or equipping any such buildings or structures, and acquiring sites therefor, and refund and refinance the same from time to time by the issuance and sale of refunding bonds as often as it shall in the board's judgment be advantageous to the public interest so to do. All such bonds shall be sold and issued by said board in the manner and upon the terms and conditions provided by chapter 475, except as otherwise provided in this section. Such bonds shall be payable solely from and secured by an irrevocable pledge of the revenues to be derived from the operation of any such buildings or structures acquired, constructed, completed, remodeled, or equipped in whole or in part with the proceeds of such bonds and in addition thereto from such other income and revenues described in section 136.33, clause (a) as said board by resolution shall specify, and notwithstanding this limitation all bonds issued hereunder shall have the qualities of negotiable instruments under the laws of this state. *The legislature intends not to appropriate money from the general fund to pay for these bonds.*

Sec. 4. Minnesota Statutes 1989 Supplement, section 136A.176, is amended to read:

136A.176 [BONDS NOT STATE OBLIGATIONS.]

Bonds issued under authority of sections 136A.15 to 136A.179 do not, and shall state that they do not, represent or constitute a debt or pledge of the faith and credit of the state, grant to the owners or holders thereof any right to have the state levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon. Such bonds are payable and shall state that they are payable solely from the rentals, revenues, and other income, charges, and moneys as are pledged for their payment in accordance with the bond proceedings. *The legislature intends not to appropriate money from the general fund to pay for these bonds.*

Sec. 5. Minnesota Statutes 1988, section 136A.35, is amended to read:

136A.35 [BONDS ARE NOT STATE OBLIGATION.]

Bonds issued under authority of sections 136A.25 to 136A.42 do not, and shall state that they do not, represent or constitute a debt or pledge of the faith and credit of the state, grant to the owners or holders thereof any right to have the state levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon. Such bonds are payable and shall state that they are payable solely from the rentals, revenues, and other income, charges, and moneys as are pledged for their payment in accordance with the bond proceedings. *The legislature intends not to appropriate money from the general fund to pay for these bonds.*

Sec. 6. Minnesota Statutes 1989 Supplement, section 298.2211, subdivision 4, is amended to read:

Subd. 4. [OBLIGATIONS NOT STATE DEBT.] Bonds and other obligations issued by the commissioner pursuant to this section, along with all related documents, are not general obligations of the state of Minnesota and are not subject to section 16B.06. The full faith and credit and taxing powers of the state are not and may not be pledged for the payment of these bonds or other obligations, and no person has the right to compel the levy of any state tax for their payment or to compel the appropriation of any moneys of the state for their payment except as specifically provided herein. These bonds and obligations shall be payable solely from the property and moneys derived by the commissioner pursuant to the authority granted in this section that the commissioner pledges to their payment. *The legislature*

*intends not to appropriate money from the general fund to pay for these bonds or other obligations. All these bonds or other obligations must contain the provisions of this subdivision or words to the same effect on their face.*

Sec. 7. [EFFECTIVE DATE.]

*This article is effective July 1, 1990."*

Delete the title and insert:

"A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of state bonds; proposing an amendment to the Minnesota Constitution, article XI, section 14; clarifying legislative intent on certain matters; creating new funds and accounts; requiring a legislative study of capital needs; appropriating money; amending Minnesota Statutes 1988, sections 16A.641, subdivision 6; 16A.672, by adding a subdivision; 16B.16, by adding a subdivision; 16B.31, by adding a subdivision; 41A.03, subdivision 5; 116O.12; 116P04, subdivision 3; 136.31, subdivision 1; 136.62, by adding a subdivision; 136A.28, subdivisions 3 and 7; 136A.35; 136C.04, subdivision 4; 136C.07, subdivision 5; Minnesota Statutes 1989 Supplement, sections 16A.631; 16A.641, subdivision 7; 16A.69, subdivision 1; 16B.335, subdivision 2; 136A.176; 136C.05, subdivision 5; 298.2211, subdivision 4; 349A.10, subdivision 5; Laws 1979, chapter 280, section 2, as amended; Laws 1989, chapter 329, article 5, section 21, subdivision 8; proposing coding for new law in Minnesota Statutes, chapters 16A; and 462A; repealing Minnesota Statutes 1988, sections 16A.651; 16A.661, subdivision 6; and 116P04, subdivision 2."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Glen H. Anderson, Lyndon R. Carlson, David Battaglia, James I. Rice, Bob Anderson

Senate Conferees: (Signed) Michael O. Freeman, Gene Merriam, Gene Waldorf, Duane D. Benson, Roger D. Moe

Mr. Freeman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2651 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. 2651 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 6, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	McGowan	Piper
Anderson	Decker	Johnson, D.E.	Merriam	Purfeerst
Beckman	DeCramer	Johnson, D.J.	Metzen	Reichgott
Belanger	Dicklich	Knaak	Moe, D.M.	Renneke
Benson	Flynn	Kroening	Moe, R.D.	Samuelson
Berg	Frank	Laidig	Morse	Schmitz
Berglin	Frederick	Langseth	Novak	Solon
Bernhagen	Frederickson, D.J.	Lantry	Pariseau	Spear
Bertram	Frederickson, D.R.	Larson	Pehler	Stumpf
Brandl	Freeman	Lessard	Peterson, R.W.	Vickerman
Brataas	Gustafson	Luther	Piepho	Waldorf

Those who voted in the negative were:

Davis	McQuaid	Olson	Ramstad	Storm
Knutson				

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2817.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1990

### FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 2817: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors of a noncontroversial nature; amending Minnesota Statutes 1988, section 343.21, subdivision 10, as amended.

### 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. 2817 and that the rules of the Senate be so far suspended as to give H.F. No. 2817 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2817 was read the second time.

Mr. Spear moved to amend H.F. No. 2817 as follows:

Page 9, after line 34, insert:

“Sec. 8. [INCORRECT EFFECTIVE DATE.]

*The increases in district court and conciliation court filing fees in 1990 H.F. No. 2419, article 1, sections 72 and 73, and the repeal of Minnesota Statutes, section 480.241, in section 81, are effective July 1, 1990, not the day after final enactment.”*

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

**RECONSIDERATION**

Having voted on the prevailing side, Mr. Spear moved that the vote whereby the Spear amendment to H.F. No. 2817 was adopted on April 25, 1990, be now reconsidered. The motion prevailed. So the vote was reconsidered.

Mr. Spear withdrew his amendment.

Mr. Spear then moved to amend H.F. No. 2817 as follows:

Page 2, after line 10, insert:

“Sec. 2. [INCORRECT EFFECTIVE DATE.]

*The increases in district court and conciliation court filing fees in 1990 H.F. No. 2419, article 1, sections 72 and 73, and the repeal of Minnesota Statutes, section 480.241, in section 81, are effective July 1, 1990, not the day after final enactment.*

Sec. 3. [INCORRECT REFERENCE.]

*The appropriation in 1990 H.F. No. 2651, article 1, section 20, subdivision 3, to the commissioner of natural resources must be spent for the reinvest in Minnesota resources program under Minnesota Statutes, section 84.95, subdivision 2, for fish and wildlife land acquisition and development, not under Minnesota Statutes, sections 40.40 to 40.45.*

Sec. 4. [INCORRECT REFERENCE.]

*The appropriation in 1990 H.F. No. 2651, article 1, section 24, item (c), is for payment by the commissioner of trade and economic development, not the commissioner of energy and economic development.”*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2817 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 45 and nays 15, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.E.	McQuaid	Piper
Anderson	DeCramer	Johnson, D.J.	Merriam	Purfeerst
Beckman	Dicklich	Knutson	Metzen	Reichgott
Belanger	Flynn	Kroening	Moe, D.M.	Samuelson
Berglin	Frank	Laidig	Moe, R.D.	Solon
Bernhagen	Frederickson, D.J.	Langseth	Morse	Spear
Brandl	Frederickson, D.R.	Lantry	Novak	Storm
Cohen	Freeman	Lessard	Pehler	Stumpf
Davis	Hughes	Marty	Peterson, R.W.	Waldorf

Those who voted in the negative were:

Benson	Brataas	Knaak	Olson	Ramstad
Berg	Frederick	Larson	Pariseau	Renneke
Bertram	Gustafson	McGowan	Piepho	Vickerman

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

### MEMBERS EXCUSED

Messrs. Diessner, Mehrkens and Pogemiller were excused from the Session of today. Mr. Dahl was excused from the Session of today at 6:45 p.m. Mr. Waldorf was excused from the Session of today from 5:45 to 6:45 p.m.

### ADJOURNMENT

Mr. Knutson moved that the Senate do now adjourn sine die. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**COMMUNICATIONS RECEIVED SUBSEQUENT TO  
ADJOURNMENT**

**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. 576, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 576: A bill for an act relating to human services; providing that medical certification for general assistance benefits may be made by a licensed chiropractor; amending Minnesota Statutes 1988, section 256D.02, by adding a subdivision.

Senate File No. 576 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1990

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. 2704, and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 2704: A bill for an act relating to commerce; removing a real estate licensing prohibition; amending Minnesota Statutes 1988, section 82.20, subdivision 4.

House File No. 2704 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1990

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 76th Session sine die.

Edward A. Burdick, Chief Clerk, House of Representatives

April 25, 1990

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

April 26, 1990

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. 443, 488, 1162, 1499, 1729, 1743, 1750, 1758, 1779, 1790, 1798, 1822, 1831, 1866, 1869, 1903, 1937, 1940, 1950, 2037, 2055, 2060, 2130, 2248, 2282, 2299, 2346, 2395, 2396, 2490 and 2619.

Sincerely,  
Rudy Perpich, Governor

April 27, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
1869		508	1626 hours April 26	April 26
1758		526	1533 hours April 26	April 26
2282		539	1608 hours April 26	April 26
1729		482	2245 hours April 26	April 27
1831		487	2230 hours April 26	April 27
	2057	505	2214 hours April 26	April 27
	257	506	2319 hours April 26	April 27
1162		509	2210 hours April 26	April 27
	2012	511	2320 hours April 26	April 27
488		512	2322 hours April 26	April 27
1743		513	2250 hours April 26	April 27
2130		514	2206 hours April 26	April 27
2299		515	2215 hours April 26	April 27
2395		516	2235 hours April 26	April 27
1779		517	2324 hours April 26	April 27
2248		518	2212 hours April 26	April 27
2055		519	2342 hours April 26	April 27
1950		520	2204 hours April 26	April 27
2490		522	2328 hours April 26	April 27
	2343	523	2155 hours April 26	April 27
1798		524	2237 hours April 26	April 27
1750		525	2334 hours April 26	April 27
1499		527	2202 hours April 26	April 27
2396		528	2200 hours April 26	April 27
2060		529	2240 hours April 26	April 27
2037		530	2316 hours April 26	April 27
2346		531	2158 hours April 26	April 27
1822		532	2314 hours April 26	April 27
1937		533	2310 hours April 26	April 27
1790		534	2222 hours April 26	April 27
1866		535	2251 hours April 26	April 27
1903		536	2130 hours April 26	April 27

2619	537	2219 hours April 26	April 27
1940	538	2243 hours April 26	April 27
443	540	2224 hours April 26	April 27
2200	562	0952 hours April 27	April 27

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 27, 1990

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. 2375.

Sincerely,  
Rudy Perpich, Governor

April 30, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
2375		521	1043 hours April 27	April 27

Sincerely,  
Joan Anderson Growe  
Secretary of State

May 3, 1990

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. 1001, 1473, 1670, 1703, 1777, 1807, 1827, 1847, 1854, 1860, 1873, 1874, 1891, 1894, 1896, 1966, 1999, 2030, 2054, 2126, 2156, 2158, 2160, 2173, 2177, 2213, 2216, 2229, 2302, 2317, 2421, 2617 and 2621.

Sincerely,  
Rudy Perpich, Governor

May 3, 1990

The Honorable Jerome M. Hughes  
President of the Senate

Dear Mr. President:

I have today signed into law Chapter 565, S.F. No. 2617, the omnibus Agriculture, Transportation and Semi-States appropriations bill. However, I have, pursuant to the powers vested in me by Article IV, Section 23 of the Minnesota Constitution, determined to line-item veto the following provision in this bill relating to the World Trade Center:

Sec. 10, page 4, line 29, which reads as follows:

(a) General reduction (50,000)

This reduction would severely curtail Minnesota's ability to continue planning for increased trade opportunities with the European Economic Community, Eastern Europe and the Soviet Union.

Pursuant to the requirement of Article IV, Section 23 of the Minnesota Constitution, an executed copy of this letter has been appended to the bill as filed with the Secretary of State.

Sincerely,  
Rudy Perpich, Governor

May 4, 1990

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. 1973.

Sincerely,  
Rudy Perpich, Governor

May 4, 1990

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. 394, 409, 576, 1081, 1150, 1813, 1925, 1983, 2018, 2064, 2108, 2147, 2181, 2445, 2527, 2609 and 2618.

Sincerely,  
Rudy Perpich, Governor

May 4, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
1973		Res. No. 7	1716 hours May 3	May 4
	2230	541	1755 hours May 3	May 4
2302		543	1729 hours May 3	May 4
	851	544	1718 hours May 3	May 4
1999		547	1720 hours May 3	May 4
2213		548	1658 hours May 3	May 4
2156		549	1723 hours May 3	May 4
1874		550	1725 hours May 3	May 4
	2474	551	1730 hours May 3	May 4
2054		553	1727 hours May 3	May 4
1896		556	1757 hours May 3	May 4
1703		558	1731 hours May 3	May 4
1670		559	1759 hours May 3	May 4
2173		560	1800 hours May 3	May 4
2030		563	1703 hours May 3	May 4
1854		566	1732 hours May 3	May 4
1847		567	1733 hours May 3	May 4
	2081	571	1710 hours May 3	May 4
	2365	573	1734 hours May 3	May 4
	1855	574	1803 hours May 3	May 4
2216		576	1735 hours May 3	May 4
1873		579	1737 hours May 3	May 4
1891		581	1738 hours May 3	May 4
1860		583	1739 hours May 3	May 4
1001		584	1805 hours May 3	May 4
2229		585	1740 hours May 3	May 4
1473		587	1807 hours May 3	May 4
1807		592	1742 hours May 3	May 4
2158		593	1743 hours May 3	May 4
2160		595	1809 hours May 3	May 4
1966		596	1714 hours May 3	May 4
2126		597	1745 hours May 3	May 4
2317		598	1747 hours May 3	May 4
1894		601	1749 hours May 3	May 4
2421		603	1751 hours May 3	May 4
	1960	605	1753 hours May 3	May 4
1777		609	1812 hours May 3	May 4

Sincerely,  
Joan Anderson Growe  
Secretary of State

May 4, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
1827		555	1048 hours May 3	May 3
2617		565	1051 hours May 3	May 3
		Line item VETO Sec. 10, page 4, line 29		
2621		568	1405 hours May 3	May 3
2177		602	1046 hours May 3	May 3

Sincerely,  
 Joan Anderson Growe  
 Secretary of State

May 7, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
2618		591	1414 hours May 4	May 4
1983		545	2350 hours May 4	May 7
2181		546	2325 hours May 4	May 7
	2457	552	2329 hours May 4	May 7
2108		554	2352 hours May 4	May 7
1081		557	2314 hours May 4	May 7
2527		561	2323 hours May 4	May 7
1925		564	2335 hours May 4	May 7
394		569	2339 hours May 4	May 7
	2162	572	2344 hours May 4	May 7
	1854	575	2347 hours May 4	May 7
409		577	2320 hours May 4	May 7
2064		582	2246 hours May 4	May 7
2609		586	2250 hours May 4	May 7
2147		588	2312 hours May 4	May 7
2445		589	2256 hours May 4	May 7
2018		590	2302 hours May 4	May 7
1813		599	2304 hours May 4	May 7
1150		606	2309 hours May 4	May 7

576	2666	608 611	0012 hours May 5 2317 hours May 4	May 7 May 7
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Sincerely,  
Joan Anderson Growe  
Secretary of State

May 8, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
	2478	604	1006 hours May 7	May 7

Sincerely,  
Joan Anderson Growe  
Secretary of State

May 8, 1990

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. 1400, 1674, 1946 and 2195.

Sincerely,  
Rudy Perpich, Governor

May 9, 1990

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 1990 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1990	Date Filed 1990
	2390	542	2040 hours May 8	May 9
	2103	570	2030 hours May 8	May 9
1400		578	2048 hours May 8	May 9
1946		580	2058 hours May 8	May 9
	2419	594	2113 hours May 8	May 9
Line item VETO Article 1, Sec. 10, page 4, line 3				
Article 1, Subd. 2, (d), page 9, lines 48-49				
Article 1, Subd. 2, Sec. 27, page 9, line 55				
2195		600	2044 hours May 8	May 9
1674		607	2046 hours May 8	May 9
	2651	610	1509 hours May 8	May 9
	2817	612	2117 hours May 8	May 9

Sincerely,  
 Joan Anderson Growe  
 Secretary of State

August 2, 1990

The Honorable Jerome M. Hughes  
 President of the Senate

Dear Sir:

On June 27, 1990, the Subcommittee on Committees met and by appropriate action made the following appointments:

Pursuant to Laws 1990

Chapter 542, Section 1: Legislative Commission on Child Protection - Mmes. Adkins, McQuaid, Ms. Reichgott, Messrs. Decker and Marty

Chapter 534, Section 2: Legislative Task Force on Health and Insurance Costs - Messrs. Anderson, Dahl, Larson, Samuelson and Mrs. Flynn

Chapter 518, Section 1: Midwestern Higher Education Compact - Mr. Beckman

Chapter 562, Article 9, Section 3: Task Force on Mathematics, Science, Technology and International Education - Messrs. Morse and Piepho

Chapter 610, Article 1, Section 58: Joint Legislative Study on Capital Needs - Messrs. Moe, D.M.; Merriam; Storm and Renneke

Respectfully,  
 Roger D. Moe, Chair  
 Subcommittee on Committees

September 26, 1990

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 27, 1990

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. Piepho

Respectfully,  
Duane Benson  
Senate Minority Leader